1886-19

TRANSCRIPT OF RECORD

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1886.

No. 239.

WINFIELD SCOTT KEYES AND ALBERT [illegible],
APPELLANTS,

vs.

THE EUREKA CONSOLIDATED MINING [illegible],

APPEAL FROM THE CIRCUIT COURT OF THE UNITED STATES
FOR THE NORTHERN DISTRICT OF CALIFORNIA.

[illegible]

(14,742.)

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1894.

No. 228.

WINFIELD SCOTT KEYES AND ALBERT ARENTS, APPELLANTS,

vs.

THE EUREKA CONSOLIDATED MINING COMPANY.

APPEAL FROM THE CIRCUIT COURT OF THE UNITED STATES FOR THE NORTHERN DISTRICT OF CALIFORNIA.

INDEX.

	Original.	Print.
Bill of complaint	1	1
Subpœna	8	4
Marshal's return	9	5
Answer	10	5
Replication	15	8
Enrollment	17	9
Final decree	18	9
Memorandum of costs	19	9
Certificate to enrollment	21	11
Opinion	22	11
Substitution of solicitor	27	14
Commission to take deposition of Arents	28	14
Interrogatories to Albert Arents	29	15

JUDD & DETWEILER, PRINTERS, WASHINGTON, D. C., AUGUST 30, 1894.

	Original.	Print.
Deposition of Albert Arents (Berlin)	40	20
Evidence taken before S. C. Houghton, examiner	58	28
Testimony of Winfield Scott Keyes	59	28
William Fries	73	36
Albert Arents	85	44
Examiner's certificate	95	50
Order allowing appeal	96	50
Bond on appeal	97	51
Clerk's certificate	99	52
Citation and service	100	52

1 *Bill of Complaint.*

Circuit Court of the United States for the District of California, in the Ninth Judicial Circuit.

To the judges of the circuit court of the United States for the district of California, in the ninth judicial circuit:

Winfield Scott Keyes, of San Francisco, in the State of California, and a citizen of the State of California, and Albert Arents, of Alameda, in the State of California, and a citizen of the State of California, bring this their bill against the Eureka Consolidated Mining Company of California, a corporation existing under and by virtue of and doing business under the laws of the State of California and a citizen of the State of California; and thereupon your orators complain and say that they, the said Winfield Scott Keyes and Albert Arents, are citizens of the United States and are the true, original, and first inventors of a new and useful improvement in furnaces for smelting lead and other ores, which said improvement was not known or used by others before the invention and discovery thereof by the said Winfield Scott Keyes and Albert Arents; that the said Winfield Scott Keyes and Albert Arents thereupon, afterwards, did apply to the Commissioner of Patents of the United States for letters patent for said improvement, and having fully and in all respects complied with all the requirements of the law in that behalf, and especially having made oath that they verily believed themselves to be the true inventors or discoverers of the said improvement, and also having paid into the Tre-sury of the United States the fees required by law and presented to the Commissioner of Patents of the United States a petition setting

2 forth their desire to obtain an exclusive property in said improvement, and praying that letters patent might for that purpose be granted unto them, and having also delivered and filed in said office of the Commissioner of Patents a written description of their said improvement in such full, clear, and exact terms as to enable any person skilled in the art to which said patent appertained, to wit, the art of smelting, to make and use the same, which said description was duly signed by the said Winfield Scott Keyes and Albert Arents and attested by two witnesses, and thereupon the said Commissioner of Patents caused letters patent to be made out in the name of the United States of America in due form of law in all respects, bearing date the twenty-eighth day of November, in the year one thousand eight hundred and seventy-one, whereby was granted unto the said Winfield Scott Keyes and Albert Arents, their heirs, administrators, or assigns, for the term of seventeen years from the date thereof, the full and exclusive right and liberty of making, constructing, using, and vending to others to be used the said improvement, which is entitled in said letters patent an improvement in furnaces for smelting lead and other ores and numbered 121,385; and the said letters patent having been signed by B. C. Cowan, acting Secretary of the Interior of the United

States, and countersigned and sealed with the seal of the Patent Office by M. D. Leggett, Commissioner of Patents of the United States, and the same having been duly recorded were issued and delivered unto the said Winfield Scott Keyes and Albert Arents; and by virtue thereof the said Winfield Scott Keyes and Albert Arents became and were the sole owners of all the rights and privileges granted and secured or intended to be secured in and by said letters patent, as by reference to said letters patent or a
3 certified copy thereof, here in court to be produced, will more fully and at large appear.

And your orators further show unto your honors that on the 24th day of January, 1887, the complainants, Winfield Scott Keyes and Albert Arents, filed their bill in an action in equity against the Pueblo Smelting and Refining Company in the circuit court of the United States for the eighth judicial circuit and district of Colorado, setting forth, among other things, the said letters patent No. 121,385 of the 28th of November, 1871, and the infringement of said letters patent by said defendant and demanding an injunction and an accounting to determine the profits and damages due complainants; that the said defendant filed its answer to said bill, denying the validity of said letters patent, and set up that complainants' invention had been described in certain printed foreign publications known as Karsteus' System der Mettallurgie, published in 1831–'2, to which answer a replication was duly filed; that, the proofs in said cause being taken, the cause was brought to a final hearing on its merits in the month of July, 1888, before the Honorable Samuel F. Miller, associate justice of the Supreme Court of the United States, was fully argued by counsel for the respective parties, and the decree of the court pronounced and duly entered, holding, among other things, that said letters patent were valid in law; that said Keyes and Arents were the original and first inventors of the improvement patented as aforesaid; that the defendant had infringed; that complainants were entitled to an accounting for profits, gains, and damages and to an injunction; that said decree sustains the judgment of this court entered in the month of April, 1880, by the Honorable Lorenzo Sawyer, in an action at law, wherein said Winfield Scott Keyes and Albert Arents were
4 plaintiffs and F. Zeile, M. F. Tarpey, and C. Ulrich were defendants.

And your orators further show that they are in the full enjoyment of the rights and interests acquired by them as aforesaid, and that the said rights and interests have been and are of great value to your orators, and your orators are entitled to all the gains, profit, and damages occasioned by the infringements of the said letters patent by the manufacture, sale, or use of said improvement in furnaces for smelting lead and other ores made and used in violation of the said letters patent and *is* by law entitled to sue for and receive the same to their own use.

And your orators further show unto your honors that they believe, and therefore charge the fact to be, that they, the said Winfield Scott Keyes and Albert Arents, are the original and first in-

ventors and discoverers of the improvement in furnaces for smelting lead and other ores patented by them as aforesaid and described and claimed in the said letters patent as aforesaid, and that the same was not known or used by any other persons before the invention and discovery thereof by them, the said Winfield Scott Keyes and Albert Arents.

And your orators further show unto your honors that the defendant herein is using a large number of furnaces for smelting lead and other ores with the said improvement thereon, and being the improvement in furnaces for smelting lead and other ores described and claimed in the said letters patent No. 121,385, and they have reason to believe will continue to make and use the same, and refuse to pay to your orators any of the profits which it has made by such unlawful using, making, and using, and refuse to pay to your orators the damages they have sustained by reason of
5 such unlawful using and making and using or to desist from making and using and using the same in violation and infringement of your orators' rights secured to them as aforesaid and against their consent and allowance.

All of which acts, doings, and pretenses are contrary to equity and good conscience and tend to manifest wrong and injury of your orators in the premises.

To the end, therefore, that the said defendant may answer the premises, and that it may be decreed to account with and pay over to your orators the profits which it has made by such unlawful using, making, and using, and be decreed to pay to your orators the damages they have sustained by such unlawful using, making, and using, *and* may it please your honors, the premises considered, to grant unto your orators the writ of injunction issuing out — and under the seal of this honorable court or issued by one of your honors, according to the form of the statutes in such cases made and provided, perpetually enjoining and restraining the said defendant, its clerks, officers, attorneys, agents, servants, and workmen, from directly or indirectly using or making and using said improvement in furnaces for smelting lead and other ores and from using, making, and using furnaces for smelting lead and other ores containing said improvement thereon.

And may it please your honors to grant unto your orators a provisional or preliminary injunction issuing out of and under the seal of this honorable court, enjoining and restraining the defendant, its clerks, officers, attorneys, agents, servants, and workmen, to the same purport, tenor, and effect hereinbefore prayed for in regard to said perpetual injunction, and that your orators may have such further or other relief in the premises as the nature of the circum-
6 stances of this case may require and to this honorable court shall seem meet.

And may it please your honors to grant unto your orators a writ of subpœna of the United States of America issuing out of and under the seal of this honorable court, directed to the said The Eureka Consolidated Mining Company, defendant, commanding it, on a day certain therein to be named and under a certain penalty, to be and

appear in this honorable court, then and there to answer all and singular the premises and to stand to and abide such further order, direction, and decree as may be made against it.

And your orators, as in duty bound, will ever pray, etc.

C. P. BUTLER,
Solicitor for Complainants.

ROB-RT E. TOOT,
Of Denver, Colorado, of Counsel.

UNITED STATES OF AMERICA, }
District of California, } ss:

Albert Arents, being duly sworn, deposes and says that he is one of the complainants in the foregoing bill named and has read the same and knows the contents thereof; that the said bill is true of his own knowledge except as to those matters which are therein stated on his information and belief, and as to those he believes it to be true; that this deponent verily believes the said Winfield Scott Keyes and himself to have been the first and original inventors of the improvement claimed in said letters patent, and that the same had not been in use or described before the invention and discovery thereof by said Winfield Scott Keyes and deponent.

7 ALBERT ARENTS.

Subscribed and sworn to before me this 29th day of Oct., A. D. 1888.

F. D. MONCKTON,
Commissioner U. S. Circuit Court,
Northern District of California.

Endorsed: Filed October 29, 1888. L. S. B. Sawyer, clerk.

8 *Subpœna ad Respondendum.*

UNITED STATES OF AMERICA:

Circuit Court of the United States, Ninth Judicial Circuit, Northern District of California. In Equity.

The President of the United States of America to The E-reka Consolidated Mining Company of California, a corporation existing under and by virtue of and doing business under the laws of the State of California and a citizen of the State of California, Greeting:

You are hereby commanded that you be and appear in said circuit court of the United States aforesaid, at the court-room, in San Francisco, on the third day of December, A. D. 1888, to answer a bill of complaint exhibited against you in said court by Winfield Scott Keyes and Albert Arents, who are citizens of the State of California, and to do and receive what the said court shall have considered in that behalf; and this you are not to omit, under the penalty of five thousand dollars.

Witness the Honorable Melville W. Fuller, Chief Justice of the Supreme Court of the United States, this 29th day of October, in the year of our Lord one thousand eight hundred and eighty-eight, and of our Independence the 113th.

[SEAL.]

L. S. B. SAWYER, *Clerk.*

9 *Memorandum Pursuant to Rule* 12, *Supreme Court U. S.*

You are hereby required to enter your appearance in the above suit on or before the first Monday of December next, at the clerk's office of said court, pursuant to said bill; otherwise the said bill will be taken *pro confesso.*

L. S. B. SAWYER, *Clerk.*

(Endorsed:) United States marshal's office, northern district of California. I hereby certify that I received the within writ on the 29th day of October, 1888, and personally served the same on the 29th day of October, 1888, upon the Eureka Consolidated Mining Company of California, a corporation, by delivering to and leaving with Wm. Fries, president of the said Eureka Consolidated Mining Company of California, said defendant named therein, personally, at the city and county of San Francisco, in said district, an attested copy thereof. J. C. Franks, U. S. marshal, by B. Donnelly, deputy. San Francisco, October 29th, 1888. Filed Oct. 29th, 1888. L. S. B. Sawyer, clerk, by F. D. Monckton, deputy clerk.

10 *Answer.*

In the Circuit Court of the United States for the Northern District of California, in the Ninth Judicial Circuit.

WINFIELD SCOTT KEYES *et al.*, Complainants,
vs.
THE EUREKA CONSOLIDATED MINING COMPANY, Respondent.

Now comes the respondent, The Eureka Consolidated Mining Company, and for its answer to the complaint on file herein said respondent avers that it is now and has been during all the times herein stated a corporation created under the laws of the State of California, and during all said times it was the owner of a mine containing gold, silver, and lead, situated near the town of Eureka, in the State of Nevada, and was, during all said times, engaged in operating and developing said mine and extracting therefrom the ores containing said precious and valuable metals.

That during all said times the said ores so extracted from its said mine as aforesaid were by this respondent smelted at furnaces erected and equipped by and belonging to this respondent at said town of Eureka and in close proximity to its said mine.

And respondent further shows and avers that on the 16th day of January, 1871, this respondent employed the complainant Winfield

Scott Keyes as superintendent of its said mine and of all its
11 works, including its furnaces at said town of Eureka, and said complainant on said last-named day entered into the employ of this respondent as such superintendent and assumed the duties of said employment and continued in said employment of superintendent from the date last aforesaid continuously up to and including the 1st day of September, 1872; that it was at and during all said times the duty of complainant as such superintendent to superintend the work of extracting the ores from said mine and superintend the smelting of said ores at the furnaces as aforesaid, and said complainant, during all said times, discharged said duties and was paid therefor by this respondent the full amount therefore agreed between said complainant and this respondent to be paid for said services.

And this respondent further shows and avers that on the 23rd day of January, 1871, this respondent employed the complainant Albert Arents as assayer and smelter of its said ores at its furnaces at said town of Eureka, and said complainant on said last-named day entered into the employ of this respondent as such assayer and smelter and assumed the duties thereof and continued in said employment continuously from the date last aforesaid up to and including the 10th day of November, 1872.

That it was at and during all said time the duty of said complainant as such assayer and smelter, among other things, to smelt the ores of this respondent at its said furnaces, and said complainant did, during all said time, discharge said duties and was paid therefor by this respondent the amount therefore agreed upon between said complainant and this respondent to be paid for said services.

And respondent further shows that immediately after en-
12 tering into the employment of this respondent as aforesaid said complainants and said complainant Arents experimented upon improvements in furnaces for smelting ores, and for that purpose and to that end used and employed the said furnaces of this respondent and carried on said experiments at the expense of this respondent, and shortly thereafter said complainants succeeded in perfecting their said improvement, and thereafter said complainants made said improvement and of their own free will and accord applied the same and caused the said furnaces of this respondent to be changed so as to conform to and have thereon the said improvement, and thereupon said complainants and said complainant Arents smelted the said ores of respondent at its said furnaces by the new and improved process thereafter patented by said complainant.

That said improved process and said patented article was used as aforesaid prior to the time said complainants applie- to the Commissioner of Patents for a patent for said improvement and process; and respondent avers that the said patented article was constructed and in actual use by this respondent with the knowledge and consent of said complainants and each of them prior to the time of their application for a patent for said patented article.

And respondent further avers that said complainants continued

to use said patented article in the furnaces of this respondent as aforesaid from the time aforesaid up to the time they received a patent therefor, and after the issuance to them of said patent, to wit, after the 28th day of November, 1871, and up to the time said complainant quit the employment of this respondent as aforesaid, said complainants continued to use said improvement and said patented article at the furnaces of this respondent.

13 Respondent further shows that at the time said complainants quit the employment of this respondent as aforesaid the said patented article was in actual use by this respondent at its said furnaces, and complainants at said time well knew that respondent intended thereafter to use said patented article for the purpose of smelting its said ores, and after said complainants quit the employment of this respondent said complainants well knew that respondent was actually using said patented article for the purpose of smelting its ores, and said complainants made no objection thereto until some time in the year 1888; and respondent avers and shows that during all the times aforesaid and up to the year 1888 and at the time complainants quit the employment of respondent as aforesaid the complainants made no objection to this respondent using said patented article and made no claim for compensation for the use by this respondent of said patented process, but by their acts and conduct led this respondent to believe that said complainants had granted unto this respondent the license to use said patented process; and respondent avers that it has by the acts and conduct of the complainants as aforesaid acquired a license to use said patented article.

Respondent avers that in the action referred to in the complaint by the complainants against the Pueblo Smelting and Refinery Company the respondents in said action had no knowledge of and did not set up the defense that said patented article was in actual use by this respondent, and that this respondent was, by and through its employees, smelting ores by said patented process prior to the issue of said patent and prior to the application for said patent; and respondent avers that said patented process was in actual use by this respondent in manner as hereinbefore set

14 out prior to the application for said patent.

And respondent denies that it is using said patented process unlawfully or in violation or infringement of the rights of complainants.

And respondent avers that by reason of the premises the complainants ought not to have or maintain this action, and it prays to be hence dismissed with its costs.

NAPHTALY, FERIDENRICH & ACKERMAN,
Solicitors for Respondent.

STATE OF CALIFORNIA, } ss:
City and County of San Francisco, }

William Fries, being duly sworn, deposes and says that he is the president of the corporation defendant in said action; that he has heard read the foregoing answer and knows the contents thereof;

that the same is true of his own knowledge except as to the matters therein stated on his information and belief, and as to those matters he verily believes it to be true.

WM. FRIES.

Subscribed and sworn to before me this 3rd day of January, 1889.

S. C. HOUGHTON,
Master in Chancery, U. S. Circuit Court, N. District of Cal.

Endorsed: Service of a copy of the within answer admitted this 7th day of January, 1889. C. P. Butler, att'y for complainants. Filed January 7, 1889. L. S. B. Sawyer, clerk.

15 *Replication to Answer.*

In the Circuit Court of the United States, Northern District of California, 9th Judicial Circuit.

WINFIELD SCOTT KEYES and ALBERT ARENTS
vs.
THE EUREKA CONSOLIDATED MINING COMPANY. } Replication.

The replication of Winfield Scott Keyes and Albert Arents, complainants, to the answer of The Eureka Consolidated Mining Company, defendant.

These repliants, saving and reserving unto themselves now and at all times hereafter all and all manner of benefit and advantage of exception which may be had or taken to the manifold insufficiencies of said answer, for replication thereunto say that they will aver, maintain, and prove their said bill of complaint to be true, certain, and sufficient in law to be answered unto, and that the said answer of the said defendant is uncertain, untrue, and insufficient to be replied unto by these repliants; without this, that any other matter or thing whatsoever in the said answer contained material or effectual in the law to be replied unto and not herein and hereby well and sufficiently replied unto, confessed or avoided, traversed or denied, is true; all which matters and things these repliants are and will be ready to aver, maintain, and prove as this honorable court shall direct, and humbly pray as in and by their said bill they have already prayed.

C. P. BUTLER,
Solicitor for Complainants.

16 Endorsed: Service of the foregoing replication is hereby admitted this 4th day of February, 1889. Naphtaly, Friedenrich and Ackerman, — F., attorneys for defendant. Filed February 4, 1889. L. S. B. Sawyer, clerk, by F. D. Monckton, deputy clerk.

17 *Enrollment.*

In the Circuit Court of the United States, Ninth Circuit, Northern District of California.

W. S. KEYES *et al.*, Complainants,
vs.
EUREKA CONSOLIDATED MINING CO., Respondent. } No. 10235.

The complainants filed their bill of complaint herein on the 29th day of October, 1888, which is hereto annexed.

A subpœna to appear and answer in said cause was thereupon issued, returnable on the third day of December, A. D. 1888, which is hereto annexed.

The respondent appeared herein on the 28th day of November, 1888, by Naphtaly, Freidenrich & Ackerman, Esqs., its solicitors.

On the 7th day of January, 1889, an answer was filed herein, which is hereto annexed.

On the 4th day of February, 1889, a replication was filed herein and is hereto annexed.

Thereafter a final decree was filed and entered herein in the words and figures following, to wit:

18 *Decree.*

At a stated term, to wit, the November term, A. D. 1890, of the circuit court of the United States of America of the ninth judicial circuit in and for the northern district of California, held at the court-room, in the city and county of San Francisco, on Monday, the 26th day of January, in the year of our Lord one thousand eight hundred and ninety-one.

Present: The Honorable Lorenzo Sawyer, circuit judge.

WINFIELD SCOTT KEYES *et al.*
vs.
EUREKA CONSOLIDATED MINING COMPANY. } No. 10235.

This cause having been heretofore, at the February, 1890, term of this court, argued and submitted to the court for consideration and decision—

Thereupon, upon consideration thereof, it is ordered, adjudged, and decreed that the complainants' bill of complaint herein be, and the same hereby is, dismissed at complainants' cost, taxed at $76.75.

LORENZO SAWYER,
U. S. Circuit Judge, Ninth Judicial Circuit.

Endorsed: Filed and entered January 30, 1891. L. S. B. Sawyer, clerk, by F. D. Monckton, deputy clerk.

19 *Memorandum of Costs.*

UNITED STATES OF AMERICA:

Circuit Court of the United States, Ninth Circuit, Northern District of California.

W. S. KEYES *et al.*, Plaintiff,
vs.
EUREKA CONSOLIDATED MINING CO., Defendant. } Memorandum of Costs and Disbursements.

Disbursements.

Marshal's fees	$
Clerk's fees, deposit	10 00
Stenographer's fees for copy decision	5 00
Master's fees, taking testimony, etc.	39 00
Att'y's fees, examining 3 witnesses, at $2.50	7 50
Docket fee	20 00
Affidavit hereto	25
	$81 75
Less stenographer's fee	5 00
Taxed at	$76 75

L. S. B. SAWYER, *Clerk.*

UNITED STATES OF AMERICA,
Northern District of California,
City and County of San Francisco, } *ss:*

J. H. Miller, being duly sworn, deposes and says that he is of counsel for the respondent in the above-entitled cause, and that as such is better informed relative to the above costs and disbursements than the said respondent; that the items in the above memorandum contained are correct to the best of this deponent's knowledge and belief, and that the said disbursements have been necessarily incurred in the said cause.

J. H. MILLER.

Subscribed and sworn to before me this 29th day of January, A. D. 1891.

F. D. MONCKTON,
Commissioner U. S. Circuit Court,
Northern District of California.

20 To John Flournoy, att'y for complainant:

You will please take notice that on Monday, the 2nd day of February, A. D. 1891, at the hour of 10.30 o'clock a. m., we will apply to the clerk of said court to have the within memorandum

of costs and disbursements taxed pursuant to the rule of said court in such case made and provided.

NAPHTALY, FREIDENRICH & ACKERMAN,
Attorneys for Respondent.
LANGHORNE & MILLER, *Of Counsel.*

Service of within memorandum of costs and disbursements and receipt of a copy thereof acknowledged this 29th day of January, A. D. 1891.

JOHN FLOURNOY,
Attorney for Complainants.

Filed this 30th day of Jan'y, A. D. 1891.
L. S. B. SAWYER, *Clerk*,
By F. D. MONCKTON,
Deputy Clerk.

21 *Certificate to Enrollment.*

Whereupon said pleadings, subpœna, final decree, and a memorandum of taxed costs are hereto annexed, said final decree being duly signed, filed, and enrolled pursuant to the practice of said circuit court.

Attest, etc.:
[SEAL.]
L. S. B. SAWYER, *Clerk*,
By F. D. MONCKTON,
Deputy Clerk.

Endorsed: Enrolled papers. Filed January 30th, 1891. L. S. B. Sawyer, clerk, by F. D. Monckton, deputy clerk.

22 *Opinion.*

In the Circuit Court of the United States, Ninth Judicial Circuit, Northern District of California.

W. S. KEYES *et al.* *vs.* EUREKA CON. MG. CO. } No. 10235.

Before Sawyer, circuit judge.

This is a suit for damages for infringement and to enjoin further infringement of letters patent No. 121,385, granted to complainants, Winfield Scott Keyes and Albert Arents, dated Nov. 23, 1871. The bill was filed Oct. 29, 1888, twenty-nine days before the expiration of the patent. The respondent was required by the subpœna to appear on the 3rd day of December, 1888, after the patent had expired. The answer would not have been regularly due under the rules of the court till the first Monday of January, 1889. No notice was given of an application for an injunction *pendente lite*, and no such application was made. Consequently before any action of the court could be had and before respondent was re-

quired to appear in court the term of the patent had expired, and the only possible remedy upon the bill filed was damages for an infringement, and under the circumstances of the case a recovery of the royalties established for the use of the patent. When the patent was applied for and issued the complainants were both in the employment of the respondent—the complainant Keyes as superintendent of respondent's mine and the complainant Arents as assayer and smelter at respondent's mine and smelting works—each receiving a regular salary. While thus engaged in the respondent's employment and managing its works they made the invention covered by the patent. On April 19, 1871, the complainants put their improvement, afterwards patented, on the first furnace of respondent, before the application for a patent, and on April 24, the date of the application for a patent, they put it on the second furnace. Those improvements were continuously used in respondent's works from that time on while complainants remained in its employment and afterwards till the commencement of this suit, and such use of those improvements constitute a part at least, if not in whole, the infringement complained of in this suit. The complainant Keyes left respondent's employment as superintendent on September 1, 1872, and complainant Arents, as assayer and smelter, on November 10, 1872. The respondent continued to use these improvements after complainants left its employment down to the time of the commencement of this suit.

23

Complainants knew of this use. It does not appear that complainant Keyes ever had any communication with respondent upon the subject of the use of this improvement. But complainant Arents notified the president of the respondent in June, 1872, that the company could use the improvement while he remained in its employ, but that after he left such employment he would require the company to pay what others had to pay for the use of the improvement. Mr. Arents after he left, at various times, but when not shown, made demands upon the secretary of company respondent for payment of the use of the improvement, and in the summer of 1888 made a similar demand upon the president of the company respondent. From July to October, 1888, complainants endeavored to reach an amicable settlement with respondent for its said use of their improvement, and on failure to make a satisfactory settlement this suit was instituted.

24

The respondent does not contest the validity of the patent or deny the use of the improvement as stated or set up any of the defenses specially authorized by the statutes.

The defense is, 1, that upon the facts as they appear no case for equitable jurisdiction is presented, and therefore the bill must be dismissed under section 721, R. S.; 2, that under the facts as they appear the defendant had an implied license to use the invention without compensation while Arents continued in its employ, and after he left for the same royalty charged other parties, and consequently, there being a license, there is no legal infringement, and the remedy of plaintiffs is an ordinary action at law to recover the

amount of the royalties accrued for use under the implied license, and over such an action, no diversity of citizenship appearing, the national courts have no jurisdiction.

On both grounds I think the bill must be dismissed.

The only ground for equitable jurisdiction is an injunction. As the patent expired before the respondent was required or could have been required to appear to the suit, no injunction could have been granted in the final decree. No injunction *pendente lite* was obtained or asked for. No preliminary restraining order was asked of the court, and no notice given to respondent that an injunction *pendente lite* would be asked. Had an application been made upon notice and the facts now shown been made to appear in response to the motion, as they undoubtedly would have been, no court of equity, I apprehend, would have granted a temporary injunction if the application could have been brought to a hearing before
25 its termination. The respondent had been using this improvement introduced into its works by the complainants themselves before the patent was applied for and long before it was issued with the knowledge and manifestly the tacit approval of the complainants, with the understanding that it could use it for the usual royalty charged others, down to within a few days of the expiration of the patent. Under such circumstances it would have been grossly inequitable to suddenly enjoin it from further use for the remaining few days the patent had to run had such an injunction been seasonably asked. The laches and tacit, not to say express, acquies-ense of the complainants in the use of the improvements, as shown by the record, estopped them from equitably demanding an injunction. Under the special circumstances of the case complainants were not equitably entitled to an injunction *pendente lite* had one been demanded; and this is no impeachment of the general doctrine announced in many cases, including those cases cited by complainants' counsel, that a patentee is ordinarily entitled to an injunction when his patent is willfully inf-inged without any fault of his own or other circumstances affecting the equities of the case in favor of respondent for even a few remaining days of the life of his patent. Undoubtedly an injunction *pendente lite* during the life of the patent should not be refused while the patent is in force merely because before a final decree can be had in the ordinary course of proceeding the term of the patent would expire; but other important circumstances affect the equities of this case that take it out of the ordinary course.

I am also of opinion upon the undisputed facts disclosed that there was an implied license, at least, to use this patent by
26 the defendant upon the same terms of royalties fixed for other parties from the time complainants left the employment of respondents, and that the use of it in the manner shown and so long acquiesced in is not an infringement in the proper sense of that term. The remedy of complainants, therefore, is an action at law to recover the royalties accrued for the use in pursuance of such implied license. This being so and no diversity of citizenship of

the parties appearing, no element of jurisdiction in the national courts is shown, and on that ground, also, the bill must be dismissed.

Let the bill be dismissed upon the ground stated, with costs.

SAWYER,
Circuit Judge.

Endorsed: Opinion. Read in open court Jan. 26, 1891. L. S. B. Sawyer, clerk.

27 *Substitution of Solicitor.*

In the Circuit Court of the United States, 9th Circuit, Northern District of California.

WINFIELD SCOTT KEYES and ALBERT ARENTS, Complainants,
vs.
THE EUREKA CONSOLIDATED MINING COMPANY, Defendant.

I hereby consent to the substitution of John Flournoy, Esq., in my stead as solicitor for complainants.

C. P. BUTLER,
Solicitor for Complainants.

April 20th, 1889.

We hereby consent to the above substitution of attorneys.

W. S. KEYES,
ALBERT ARENTS,
Per W. S. KEYES,
Complainants.

April 20th, 1889.

Service of the foregoing substitution of attorney is hereby admitted this 25th day of April, 1889.

NAPHTALY, FREIDENRICH & ACKERMAN,
Solicitors for Defendant.

Endorsed: Filed May 2, 1889. L. S. B. Sawyer, clerk.

28 *Commission to Take Deposition of Arents.*

The President of the United States of America to F. von Versen, United States vice and deputy consul agent, Leipziger Platz 15, Berlin, Germany, Greeting:

Know ye that we, in confidence of your prudence and fidelity, have appointed you a commissioner, and by these presents do give you, said F. von Versen, full power and authority diligently to examine, upon hos corporal oath or affirmation, before you to be taken, and upon the interrogatories and cross-interrogatories hereunto annexed, Albert Arents, as a witness on the part of the complainants in a certain cause now pending undetermined in the circuit court of the United States of the ninth judicial circuit in and for the northern district of California, wherein Winfield Scott Keyes *et al.*

are complainants and The Eureka Consolidated Mining Company is respondent, and we do hereby require you, said F. von Versen, before whom such testimony may be taken, to reduce the same to writing, and to close it up under your hand and seal, directed to Lorenzo S. B. Sawyer, clerk of the circuit court of the United States of the ninth judicial circuit in and for the northern district of California, at the city of San Francisco, as soon as may be convenient after the execution of this commission, and that you return the same, when executed as above directed, with the title of the cause endorsed on the envelope of the commission.

Witness the Honorable Melville W. Fuller, Chief Justice of the Supreme Court of the United States of America, [SEAL.] this 4th day of June, in the year of our Lord one thousand eight hundred and eighty-nine, and of our Independence the 113th.

L. S. B. SAWYER, *Clerk.*

29 *Deposition of Albert Arents.*

Circuit Court of the United States, Ninth Judicial Circuit, Northern District of California.

WINFIELD SCOTT KEYES *et al*
vs.
THE EUREKA CONSOLIDATED MINING COMPANY.

Direct interrogatories to be propounded to Albert Arents, one of the complainants, in behalf of the complainants.

Interrogatory first. State your name, age, residence, and occupation, and whether or not you are one of the parties complainants in this cause.

Interrogatory second. If in answer to first direct interrogatory you state you are a mining engineer and metallurgist, state where you received your education as such, whether you have practiced your profession, and, if so, where, for whom, and during what times; also state what experience, if any, you have had in building or superintending in building smelting furnaces.

Interrogatory third. Are you the Albert Arents mentioned in letters patent of the United States No. 121,385, dated the 28th of November, A. D. 1871, to whom said letters were issued in connection with Winfield Scott Keyes, and are you and said Keyes the complainants in this cause?

Interrogatory fourth. Are you acquainted with the defendant corporation in this cause; if yes, under what laws does said
30 corporation exist, and what is its business and where does it carry on business and for how long has it carried on business?

Interrogatory fifth. State if you are familiar with the specifications of your said patent and the improvement therein described.

Interrogatory sixth. If you say you are familiar therewith, de-

scribe briefly the extent of your familiarity therewith; also the objects, purposes, and advantages, if any, of your improvement.

Interrogatory seventh. State to what art, if any, said specifications appertain, and whether said specifications are sufficiently full, clear, and concise to enable persons skilled in said art to construct a furnace which would produce the useful results claimed by the patent.

Interrogatory eighth. State the peculiar feature of your improvement and wherein the same is novel and useful.

Interrogatory ninth. Are you familiar with the furnaces used by the defendant? If yes, in what manner does the defendant separate or withdraw its clean or pure metal, and wherein, if at all, does defendant infringe upon the rights of the patentees, for what time it has infringed, and to what extent? State fully and in detail.

Interrogatory tenth. State if you at any time gave defendant authority to use your said improvement.

Interrogatory eleventh. State on what terms you and your
31 copatentee permitted others to use your said improvement, when you fixed upon said terms, what changes you made, if any, in said terms, when you made them, and what notice, if any, defendant had of said change.

Interrogatory twelfth. State what payments, if any, defendant has made to you or your copatentee for the use of said improvement, and when made.

Interrogatory thirteenth. What demand, if any, did you make upon defendant before bringing this suit for an accounting and payment for the use of said improvement, and what answer thereto, if any, did defendant make?

Interrogatory fourteenth. State, if you know, what is the commercial value of the peculiar feature of your improvement.

Interrogatory fifteenth. State if you were ever in the employment of the defendant; and, if so, in what capacity and for what time.

Interrogatory sixteenth. State in what manner and to what extent, if at all, while in the employment of defendant, you used any furnace or furnaces of said defendant for the purpose of experimenting thereon with your said improvement, and when.

Interrogatory seventeenth. State what expense, if any, the defendant contributed towards your experiments, and in what manner and when.

Interrogatory eighteenth. State to what extent, if at all, the furnace or furnaces of the defendant were an assistance to you in perfecting your improvement.

32 Interrogatory nineteenth. State if you applied your improvement to the furnace or furnaces of the defendant. If so, when, for what purpose, and to how many furnaces?

Interrogatory twentieth. State fully when you invented your improvement and what connection the furnace or furnaces of the defendant had therewith.

Interrogatory twenty-first. State when you made your application for the letters patent mentioned in this suit, and, if at all, to what extent you had used said improvement on the furnace or fur-

naces of defendant before said application, and to what extent after said application, if at all.

Interrogatory twenty-second. State when you quit the employment of the defendant and to what extent your improvement was used by the defendant at said time and on what furnaces.

Interrogatory twenty-third. State what objection you made, if any, to the use by defendant of your improvement, when made, to whom, and what was said. State fully.

Interrogatory twenty-fourth. State fully what consent, if any, you gave defendant to use your improvement before your said application; also, if any, after said application. State the conversation fully, with whom had, and when the same took place.

Lastly. Do you know or can you set forth any other matter or thing which may be of benefit or advantage to the parties
33 at issue in this cause or either of them, or that may be material to the subject of this your examination or the matters in question in this cause? If yes, set forth the same fully and at large in your answer.

C. P. BUTLER,
Solicitor for Complainants.

(Endorsed:) Filed April 17, 1889. L. S. B. Sawyer, clerk, by F. D. Monckton, deputy clerk.

34 Circuit Court of the United States, Ninth Judicial Circuit, Northern District of California.

WINFIELD SCOTT KEYES *et al.*, Plaintiffs,
vs.
THE EUREKA CONSOLIDATED MINING COMPANY, Defendant.

Cross-interrogatories to be Propounded to Albert Arents.

Interrogatory first. Were you not in the employment of the defendant at its works in Eureka, Nevada, in the capacity of assayer and smelter in the year 1871 and prior to the date of the issuance of letters patent number 121,385, mentioned in the bill of complaint herein?

Interrogatory second. Did you not enter into such employment on or about the 23rd day of January, 1871, and were you not continuously in said employment from said time until a period subsequent to the issuance to you of said letters patent?

Interrogatory third. Was not your co-complainant, Winfield Scott Keyes, during the year 1871 and prior to the issuance of said letters patent in the employment of the defendant in the capacity of superintendent at its works in Eureka, Nevada?

35 Interrogatory fourth. Did not Winfield Scott Keyes enter into said employment about the same time that you did, namely, some time in the month of January, 1871, and was he not continuously in said employment until a period subsequent to the issuance of said letters patent?

Interrogatory fifth. Were you not both in said employment until some time in the year 1872? And, if so, state up to what period you remained in the employment of the defendant in the capacity aforesaid or otherwise, and up to what period, if you know, did your co-complainant, Winfield Scott Keyes, remain in said employment.

Interrogatory sixth. What was the general character of your duties while in said employment?

Interrogatory seventh. Were you not required, in the proper discharge of your duties, to use the furnaces of the defendant in smelting its ores?

Interrogatory eig-th. Did you, during that period, perfect the improvement for which said letters patent were issued, and did you, during that period, make any experiments in that direction?

Interrogatory ninth. Did you use any furnace or furnaces for the purpose of making any such experiments; and, if so, whose furnace or furnaces did you use for that purpose?

Interrogatory tenth. Could you make any experiments
36 with your improvement without using a furnace or furnaces?

Interrogatory eleventh. Did you have your improvement perfected before you entered into the employment of the defendant at said time?

Interrogatory twelfth. When did you first make application for a patent for your said improvement?

Interrogatory thirteenth. Did you not apply your said improvement in the furnace of the defendant, and were not the furnaces changed under your direction, so that your said improvement could be applied?

Interrogatory fourteenth. If you say that the furnaces were so changed, had you at that time obtained your letters patent?

Interrogatory fifteenth. Did you not apply your said improvement between the time of your first employment and the issuance of said letters patent at and upon the furnaces of this defendant?

Interrogatory sixteenth. Was not your improvement in use under your own direction at the furnaces of this defendant at the time that said letters patent were issued?

Interrogatory seventeenth. Did not your employment by the defendant require of you all your time and attention in the discharge of your duties during the working hours of the day?

Interrogatory eighteenth. And did you not use a portion of that time for the purpose of experimenting with your improvement?

37 Interrogatory nineteenth. Was not your co-complainant in consultation with you from time to time in the matter of perfecting your said improvement?

Interrogatory twentieth. Did you not, when you left said employment, know that your said improvement was in use by the defendant at its said furnaces?

Interrogatory twenty-first. Who first used your improvement at

the furnaces of the defendant and who put in that improvement; when was it put in?

Interrogatory twenty-second. Did you not put it in yourself?

Interrogatory twenty-third. Did you make any demand upon the defendant for royalty for the use of said improvement from the time you entered their said employment until within a year or so before the beginning of this suit; if so, upon whom did you make a demand, when, and where?

Interrogatory twenty-fourth. Did you not have a conversation shortly before the commencement of this suit at the office of the defendant, in the city and county of San Francisco, with William Fries, the president of said company, in the presence of several of its directors and its attorney?

Interrogatory twenty-fifth. Did not that interview take place during the month of August, 1888, or thereabouts, at the
38 office of the company, on Pine street, San Francisco?

Interrogatory twenty-sixth. Did you not then and there state that while you were in the employment of the defendant you experimented at its furnaces and there perfected your improvement upon which you subsequently obtained letters patent?

Interrogatory twenty-seventh. Did you not at that time state that you applied said improvement at said time and continued to use the same at said furnaces of the defendant up to the date of the issuance of said letters patent and thereafter until you left said employment?

Interrogatory twenty-eighth. Did you not at that time state that you used the furnaces of the defendant for the purpose of perfecting said improvement and experimenting thereon?

Interrogatory twenty-ninth. Is it not a fact that while you were in the employment of the defendant and paid by the defendant for your services you perfected at its said furnaces the improvement for which you applied for and obtained the patent referred to in the complaint of this case?

Interrogatory thirtieth. If in answer to direct interrogatory fourteen (14) you state the commercial value of the peculiar feature of your improvement, state how you know its commercial value and how you estimate the same.

Interrogatory thirty-first. If in answer to direct interroga-
39 tory eleven (11) you state that you have permitted others to use your improvement, give the names of all who have used your said improvement, the date that they began its use, and the terms of its use with each and every one of them.

Interrogatory thirty-second. Where do you now reside?

(Endorsed:) Filed June 3, 1889. L. S. B. Sawyer, clerk.

I, L. S. B. Sawyer, clerk of the circuit court of the United States for the northern district of California, do hereby certify the foregoing to be a full, true, and correct copy of the interrogatories to be propounded to Albert Arents, filed April 17, 1889, and cross-interrogatories filed June 3, 1889, in the cause entitled Winfield Scott

Keyes *et al. vs.* Eureka Consolidated Mining Company, No. 10235 in said circuit court.

Attest my hand and the seal of said circuit court this 4th day of June, A. D. 1889.

[SEAL.] L. S. B. SAWYER, *Clerk.*

40 In the United States Circuit Court, Ninth Circuit, Northern District of California.

WINFIELD SCOTT KEYES *et al.*, Plaintiffs,
vs.
THE EUREKA CONSOLIDATED MINING COMPANY, Defendant.

Deposition of Albert Arents, to be used upon the trial of the above-entitled action in the above-entitled court, taken by F. von Versen, vice and deputy consul general of the United States of America, Berlin, Germany.

ALBERT ARENTS, aged 49 years and upwards, a citizen of the United States of America, being duly and publicly sworn, doth depose and say as follows:

To the first interrogatory, "State your name, age, residence, and occupation, and whether or not you are one of the parties complainants in this cause," he saith: My name is Albert Arents; I am 49 years of age; I reside permanently in Alameda county, California; I am absent temporarily for about one year in Germany; I am mining engineer and metallurgist, and I am one of the parties in this cause.

To the second interrogatory, "If in answer to first direct interrogatory you state that you are a mining engineer and metallurgist, state when you received your education as such, whether you
41 have practiced your profession, and, if so, where, for whom, and during what times; also state what experience, if any, you have had in building or superintending in building smelting furnaces," he saith: I received such education at Clausthal and Berlin, in Germany. I practiced my profession in Germany from about 1858 to 1864, and since that time in the United States, namely, in California, Nevada, Arizona, Utah, and Colorado; was superintendent and metallurgist of mines, mills, and smelting works for various companies, some of which are: Eureka Consolidated Mining Company, Atlas Mining and Smelting Company, New Coso Company, Modoc Company, Germania Consolidated Company, Robinson Consolidated, Summit Smelting Company, Mount Cony, and others; have a great deal of experience in superintending and building of smelting furnaces.

To the third interrogatory, "Are you the Albert Arents mentioned in letters patent of the United States No. 121,385, dated the 28th of November, A. D. 1871, to whom said letters were issued in connection with Winfield Scott Keyes, and are you and said Keyes the complainants in this cause?" he saith: Yes.

To the fourth interrogatory, "Are you acquainted with the defend-

ant corporation in this cause; if yes, under what laws does said corporation exist and what is its business and where does it carry on business and for how long has it carried on business?" he saith: Yes; it carries on its business under the laws of California. Its business is mining and smelting lead and silver ores at Eureka, Nevada. Defendant carries on business since 1869.

42

To the fifth interrogatory, "State if you are familiar with the specifications of your said patent and the improvement therein described," he saith: I am.

To the sixth interrogatory, "If you say you are familiar therewith describe fully the extent of your familiarity therewith; also the objects, purposes, and advantages, if any, of your improvement," he saith: The object, purposes, and advantages of our improvement are to withdraw automatically the lead bullion produced by lead furnaces, to prevent the attachment of accretions to the bottom of the furnace, and to enable the smelter to break accretions more easily when they have formed. Our improvement is also an indicator of the state the furnace hearth is in and its use avoids all the hardships and trouble incidental to tapping as universally practiced before our improvement was known and used. The use of our improvement as against tapping affords a saving in time, labor, and fuel. I have used it for years.

To the seventh interrogatory, "State to what art, if any, said specifications appertain and whether said specifications are sufficiently full, clear, and concise to enable persons skilled in said art to construct a furnace which would produce the useful results claimed by the patent," he saith: Said specifications appertain to the art of smelting or metallurgy, and said specifications are so full and clear as inquired about in the interrogatory.

43

To the eighth interrogatory, "State the peculiar feature of your improvement and wherein the same is novel and useful," he saith: I have stated it already, and would respectfully refer you to my answer to direct interrogatory sixth.

To the ninth interrogatory, "Are you familiar with the furnaces used by the defendant? If yes, in what manner does the defendant separate or withdraw its clear or pure metal and wherein, if at all, does defendant infringe upon the rights of the patentees, for what time it has infringed, and to what extent? State fully and in detail," he saith: I am. Defendant withdraws the metal from its furnaces by means of our improvement, and by doing so it has always infringed upon our rights as patentees. It has done so ever since 1871 up to the 28th day of November, 1888, when the term of our patent expired.

To the tenth interrogatory, "State if you at any time gave defendant authority to use your said improvement," he saith: I never did, except for the time of my employment by the defendant, and that without receiving any consideration.

To the eleventh interrogatory, "State on what terms you and your copatentee permitted others to use your said improvement,

when you fixed upon said terms, what changes you made, if any, in said terms when you made them, and what notice, if any,
44 defendant had of such change," he saith: We charged 250 dollars per furnace per annum in advance each year up to 1882, when we increased said charge to 500 dollars per furnace per annum in advance.

To the twelfth interrogatory, "State what payments, if any, defendant has made to you or your copatentee for the use of said improvement and when made," he saith: Defendant never made any payments to me for the use of our improvement at any time.

To the thirteenth interrogatory, "What demand, if any, did you make upon defendant before bringing this suit for an accounting and payment for the use of said improvement, and what answer thereto, if any, did defendant make?" he saith: I called upon the secretary of this defendant company at its San Francisco office on several occasions and demanded a settlement, but was always refused. Said secretary was Mr. W. W. Traylor, now deceased several years since. I also wrote to and called upon the present president of defendant a year or more ago, demanding a settlement, but was again refused.

To the fourteenth interrogatory, "State, if you know, what is the commercial value of the peculiar feature of your improvement," he saith: It is at least 2,000 dollars per furnace per annum.

To the fifteenth interrogatory, "State if you were ever in the employment of the defendant; and, if so, in what capacity and for what time," he saith: I was, from January, 1871, to Novem-
45 ber, 1872, as metallurgist in charge of defendant's assay office and smelting works, at Eureka, Nevada.

To the sixteenth interrogatory, "State in what manner and to what extent, if at all, while in the employment of defendant you used any furnace or furnaces of said defendant for the purpose of experimenting thereon with your said improvement, and when," he saith: I never experimented with my improvement on any furnace.

To the seventeenth interrogatory, "State what expense, if any, the defendant contributed towards your experiments and in what manner, and when," he saith: I received nothing from defendant for such expenses.

To the eighteenth interrogatory, "State to what extent, if at all, the furnace or furnaces of the defendant were an assistance to you in perfecting your improvement," he saith: None whatever.

To the nineteenth interrogatory, "State if you applied your improvement to the furnace or furnaces of the defendant; if so, when, for what purpose, and to how many furnaces," he saith: I did apply my improvement to defendant's furnaces for the purpose of more economical smelting, and to seven furnaces in all, to wit, to Nos. 3 and 4 in April, 1871; to Nos. 1, 2 and 5 after June 7th, 1871. No. 3 and 4, just mentioned, were torn down afterwards and rebuilt on a larger scale, when they were again provided with my improvement, which took place after June 7, 1871.

46 To the twentieth interrogatory, "State fully when you invented your improvement and what connection the furnace or furnaces of the defendant had therewith," he saith: I invented my improvement several years prior to 1870; spoke of it to friends of mine in White Pine, Nevada, even before this defendant company was organized, but I employed it first in defendant's furnace No. 3 in April, 1871.

To the twenty-first interrogatory, "State when you made your application for the letters patent mentioned in this suit, and, if at all, to what extent you had used said improvement on the furnace or furnaces of defendant before said application, and to what extent after said application, if at all," he saith: Our application for letters patent was made on April 24, 1871, shortly after I first employed it on "No. 3" furnace of defendants. On that same April 24th I employed my improvement on defendant's furnace "No. 4." All the rest of the furnaces received it in course of time thereafter, and, as more particularly stated in my answer to direct interrogatory No. 19, namely, after June 7, 1871.

To the twenty-second interrogatory, "State when you quit the employment of the defendant and to what extent your improvement was used by the defendant at said time and on what furnaces," he saith: In November, 1872. My improvement was then used by defendant on five furnaces, namely, on Nos. 1, 2, 3, 4, and 5, all of which had received my improvement after June 7, 1871.

To the twenty-third interrogatory, "State what objection you made, if any, to the use by defendant of your improvement,
47 when made, to whom, and what was said. State fully," he saith: I objected to its free use on several occasions. I did so first to Captain Lawton, in June, 1872, who was then president of the defendant company. I told him upon his starting the subject that the company might use my improvement, as far as I was concerned, free of charge so long as I remained in the employ of the company, but not after I left said employment.

After I had left the service of the company I called at the office of this defendant company several times, demanding payment, but was always refused.

To the twenty-fourth interrogatory, "State fully what consent, if any, you gave defendant to use your improvement before your said application, also, if any, after said application. State the conversation fully, with whom had, and when the same took place," he saith: I gave no consent whatever at any time in words or writing, except to Captain Lawton, in June, 1872, then president of the company, and only conditional, as explained before, namely, that the company might use my improvement free of charge, as far as I was concerned, for the time I remained in the employ of the company, but that the company would have to pay what others paid for the use of my improvement whenever I should not be any more in defendant's employ. However, I received at no time any consideration from the company for the use of my improvement.

To the last interrogatory, "Do you know or can you set forth any

other matter or thing which may be of benefit or advantage
48 to the parties at issue in this cause or either of them, or that may be material to the subject of this your examination or the matters in question in this cause? If yes, set forth the same fully and at large in your answer," he saith: I do not.

49 Circuit Court of the United States, Ninth Judicial Circuit, Northern District of California.

WINFIELD SCOTT KEYES *et al.*, Plaintiffs,
vs.
THE EUREKA CONSOLIDATED MINING COMPANY, Defendant.

Cross-interrogatories Propounded to Albert Arents.

To the first interrogatory, "Were you not in the employment of the defendant at its works, in Eureka, Nevada, in the capacity of assayer and smelter in the year 1871 and prior to the date of issuance of letters patent No. 121,385, mentioned in the bill of complaint herein?" he saith: Yes; as assayer and smelter in charge.

To the second interrogatory, "Did you not enter such employment on or about the 23rd day of January, 1871, and were you not continuously in said employment from said time until a period subsequent to the issuance to you of said letters patent?" he saith: Yes.

To the third interrogatory, "Was not your co-complainant, Winfield Scott Keyes, during the year 1871 and prior to the issuance of said letters patent in the employment of the defendant in the capacity of superintendent at its works, in Eureka, Nevada?" he saith: Yes.

50 To the fourth interrogatory, "Did not Winfield Scott Keyes enter into said employment about the same time as you did, namely, some time in the month of January, 1871, and was he not continuously in said employment until a period subsequent to the issuance of said letters patent?" he saith: Yes.

To the fifth interrogatory, "Were you not both in said employment until some time in the year of 1872? And, if so, state up to what period you remained in the employment of the defendant in the capacity aforesaid or otherwise and up to what period, if you know, did your co-complainant, Winfield Scott Keyes, remain in said employment," he saith: Yes; I left the service of the company in November, 1872, and Mr. Keyes some months before.

To the sixth interrogatory, "What was the general character of your duties while in said employment?" he saith: My duties were to see that all assays were properly and correctly made and the smelting furnaces properly operated. My duties were supervisional.

To the seventh interrogatory, "Were you not required, in the proper discharge of your duties, to use the furnaces of the defendant in smelting its ores?" he saith: Yes.

To the eighth interrogatory, "Did you during that period perfect

the improvement for which said letters patent were issued and did you during that period make any experiments in that direc-
51 tion?" he saith: I did not; it was perfected before I entered the service of the company; no experiments were necessary.

To the ninth interrogatory, "Did you use any furnace or furnaces for the purpose of making any such experiments; and, if so, whose furnace or furnaces did you use for that purpose?" he saith: No experiments were made; no furnace was so used at all.

To the tenth interrogatory, "Could you make any experiments with your improvement without using a furnace or furnaces?" he saith: No experiments were made.

To the eleventh interrogatory, "Did you have your improvement perfected before you entered into the employment of the defendant at said time?" he saith: Yes.

To the twelfth interrogatory, "When did you first make application for a patent for your said improvement?" he saith: In April, 1871.

To the 13th interrogatory, "Did you not apply your said improvement in the furnace of the defendant and were not the furnaces changed under your direction so that your said improvement could be applied?" he saith: I applied my improvement on said furnaces, but the furnaces were not changed for that purpose; they remained the same except that our improvement was attached.

To the fourteenth interrogatory, "If you say that the furnaces were so changed, had you at that time obtained your letters
52 patent?" he saith: The furnaces were not so changed, but in course of time all the old furnaces were torn down and larger furnaces were erected in their stead, all under my direction and supervision, upon orders from headquarters, and for the sole purpose of obtaining increased smelting capacity of the works. The increase amounted to 150 tons per day—that is to say, before the change the capacity of the works was 50 tons per day, and after the change was effected said capacity was 200 tons per day.

To the fifteenth interrogatory, "Did you not apply your said improvement between the time of your first employment and the issuance of said letters patent at and upon the furnaces of this defendant?" he saith: Yes; upon some of them.

To the sixteenth interrogatory, "Was not your improvement in use under your own direction at the furnaces of this defendant at the time that said letters patent were issued?" he saith: Yes; on some of them.

To the seventeenth interrogatory, "Did not your employment by the defendant require of you all your time and attention in the discharge of your duties during the working hours of the day?" he saith: It did not, for I was metallurgist or smelter in charge, with no special working hours. My duties were supervisional.

To the eighteeth interrogatory, "And did you not use a portion of that time for the purpose of experimenting upon your improvement?" he saith: I never experimented upon my improvement.

53 To the nineteenth interrogatory, "Was not your co-complainant in consultation with you from time to time in the matter of perfecting your said improvement?" he saith: No; for the improvement, although very useful and novel, was and is so very simple.

To the twentieth interrogatory, "Did you not when you left said employment know that your said improvement was in use by the defendant at its said furnaces?" he saith: Yes.

To the twenty-first interrogatory, "Who first used your improvement at the furnaces of the defendant and who put in that improvement? When was it put in?" he saith: The defendant first used it during my employment; I put the improvement in myself. The first one was put in on the old No. 3 furnace some time in the fore part of April, 1871. In starting the furnace the framework overhead of it took fire. We extinguished it with a plentiful use of water, which accidentally ran to some extent into the furnace, chilling the lead in the furnace bottom. The furnace was started anew on April 19th with our improvement attached, when it worked successfully without interruption. On April 24th, 1871, we attached our improvement to No. 4 furnace. Nos. 1, 2, and 5 furnaces received our improvement much later, and Nos. 3 and 4 were torn down before I left the employ of the company in 1872 and were rebuilt on a larger scale and provided anew with our improvement.

54 To the twenty-second interrogatory, "Did you put it in yourself?" he saith: Yes.

To the twenty-third interrogatory, "Did you make any demand upon the defendant for royalty for the use of said improvement from the time you entered their said employment until within a year or so before the beginning of this suit? If so, upon whom did you make a demand; when and where?" he saith: I did, verbally, several times in various years on the secretary of the company, Mr. Traylor, at the office of the company in San Francisco, California, and was refused.

To the twenty-fourth interrogatory, "Did you not have a conversation shortly before the commencement of this suit, at the office of the defendant, in the city and county of San Francisco, with William Fries, the president of said company, in the presence of several of its directors and its attorney?" he saith: Not with Mr. Fries at that time, but with the attorney of the company, the name of whom I do not remember.

To the twenty-fifth interrogatory, "Did not that interview take place during the month of August, 1888, or thereabouts, at the office of the company on Pine street, San Francisco?" he saith: About that time, I believe.

To the twenty-sixth interrogatory, "Did you not then and there state that while you were in the employment of the defendant you experimented at its furnaces and there perfected your improvement upon which you subsequently obtained letters patent?" he

55 saith: I did not.

To the twenty-seventh interrogatory, "Did you not at that

time state that you applied said improvement at said time and continued to use the same at said furnaces of the defendant up to the date of the issuance of said letters patent and thereafter until you left said employment?" he saith: Yes.

To the twenty-eighth interrogatory, "Did you not at that time state that you used the furnaces of the defendant for the purpose of perfecting said improvement and experimenting thereon?" he saith: I did not.

To the twenty-ninth interrogatory, "Is it not a fact that while you were in the employment of the defendant and paid by the defendant for your services you perfected at its furnaces the improvement for which you applied *for* and obtained the patent referred to in the complaint in this case?" he saith: It is not.

To the thirtieth interrogatory, "If, in answer to direct interrogatory (14) fourteen, you state the commercial value of the peculiar feature of your improvement, state how you know its commercial value and how you estimate the same," he saith: I know its commercial value by experience, having used my experiment for many years and having, as well, tapped for years. A furnace with my improvement attached runs much more economically than without said attachment. There is a saving in time, labor, and fuel by applying my improvement.

56 To the thirty-first interrogatory, "If, in answer to direct interrogatory eleven (11), you state that you have permitted others to use your improvement, give the names of all who have used your said improvement, the date that they began its use, and the terms of its use, with each and every one of them," he saith: I cannot answer this question from memory and my books and papers containing the information asked for are in the United States, hence not accessible to me at present.

To the thirty-second interrogatory, "Where do you now reside?" he saith: In Berlin, Germany, temporarily.

And further the witness deposeth not.

ALBERT ARENTS.

57 *Certificate to Deposition of Arents.*

UNITED STATES CONSULATE GENERAL, } ss:
Kingdom of Prussia, City of Berlin, }

I, Frederick von Versen, vice and deputy consul general of the United States of America, do hereby certify that the above and annexed deposition of "Albert Arents" was taken before and reduced to writing by me at the city of Berlin, in Prussia, on the 15th day of July, 1889; that the above-named witness was sworn to testify the truth, the whole truth, and nothing but the truth, and that the said deposition was carefully read to the witness and then subscribed by him.

Witness my hand and the seal of the United States consulate general this 15th day of July, 1889.

F. VON VERSEN,
Vice and Deputy Consul General of the United States of America.

[SEAL.]

Endorsed: Received and filed August 1, 1889. L. S. B. Sawyer, clerk. Opened by order of court & refiled August 16, 1889. L. S. B. Sawyer, clerk, by F. D. Monckton, dep'y clerk.

58 *Caption to Depositions.*

In the Circuit Court of the United States for the Ninth Judicial Circuit in and for the Northern District of California.

W. S. KEYES *et al.*, Complainants,
vs.
EUREKA CONSOLIDATED MINING COMPANY, Respondent. } In Equity.

Be it remembered that on the 22nd day of August, A. D. 1889, and on the several days thereafter to which the examination was regularly adjourned, as hereinafter set forth, at my office, room 57 in the United States Appraisers' building, on the northeast corner of Washington and Sansome streets, in the city and county of San Francisco, State of California, before me, S. C. Houghton, examiner in chancery of the circuit court of the United States for the ninth circuit and northern district of California, personally appeared the several witnesses whose names are hereinafter set forth, who were produced and examined on behalf of the respective parties to the above-entitled cause.

John Flournoy, Esq., appeared as counsel on behalf of complainant, and David Freidenrich, Esq., as counsel on behalf of respondent.

Following is a record of the proceedings:

59 *Deposition of W. S. Keyes.*

THURSDAY, *August 22nd*, 1889.

Present: Mr. Flournoy, of counsel for complainant; Mr. Fleming, representing Napthaly, Freidenrich & Ackerman, of counsel for respondent.

(Examination continued, in conformity with agreement of counsel, until Friday, August 23rd, at two o'clock p. m.)

FRIDAY, *August 23rd*, 1889.

Present: Mr. Flournoy, of counsel for complainant; Mr. Freidenrich, of counsel for respondent.

Examination-in-chief of WINFIELD SCOTT KEYES, on behalf of complainant:

(By Mr. FLOURNOY:)

Q. 1. State your name, age, place of residence, and occupation.

A. My name is W. S. Keyes; my age, forty-nine years; I reside in San Francisco, and I am by occupation a mining engineer and metallurgest, and I am the complainant in this suit.

Q. 2. Mr. Keyes, where do you now reside?

A. In this city, San Francisco.

Q. 3. You state that you are a mining engineer?

A. Yes, sir; a mining engineer and metallurgist.

Q. 4. What experience have you had in that business or profession?

A. Nearly thirty years.

Q. 5. And where have you practiced that profession?

A. Beginning my study at the mining school at Freiberg, in the Kingdom of Saxony, Germany, I practiced my profession in various parts of the western portion of the United States
60 and in the northern part of Mexico.

Q. 6. Have you practiced that profession continuously?

A. More or less continuously since 1863, the time of my arrival in America from Germany.

Q. 7. You are one of the complainants in this action, are you?

A. I am.

Q. 8. And are you a copatentee with Mr. Albert Arents, in the letters patent No. 121,385?

A. I am.

Q. 9. Are you acquainted with the respondent in this case, The Eureka Consolidated Mining Company?

A. Yes, sir.

Q. 10. How long have you known that company?

A. Since the inception in 1870, I think it was.

Q. 11. Were you ever in the employ of this company?

A. I was.

Q. 12. At what time and in what place?

A. I received my letters of instruction on the ground on the 15th day of January, 1871. I remained continuously in the employ of the company as its general manager or superintendent, and handed in my resignation to take effect the first of August, 1872, but at the request of the president I remained on the ground, under pay, until the twentieth of August of that year in order to post and instruct my successor, Mr. Ellsworth.

Q. 13. That was in August, 1872?

A. Yes, sir.

Q. —. And your employment commenced in January, 1871?

A. January 15th, 1871.

Q. 15. Was Mr. Albert Arents in the employ of the company during this time?

61 A. He was in the employ of the company a few days after I assumed the general management and was appointed at my instigation and request and remained there, I think, six weeks or two months after my departure—after the acceptance of my resignation.

Q. 16. While you were employed by the Eureka Consolidated Mining Company what was your special duty in reference to smelting or in reference to their furnaces for smelting?

A. Partly the general supervision of all the business affairs of the company and the supervision of its technical affairs. I had general charge of the mines and of the furnaces and especially of the tech-

nical direction of the foremen or submanagers of each department. I was the general head representing the company in Nevada.

Q. 17. Did you ever apply your improvement in smelting furnaces covered by the patent sued on to the furnaces of the respondent, The Eureka Consolidated Mining Company?

A. We did. I will state we instead of I.

Q. 18. By "we" who do you mean?

A. Mr. Arents and myself.

Q. 19. And the improvement of which you now speak is the improvement in smelting furnaces set out in the bill of complaint in this action?

A. Yes, sir.

Q. 20. And described by the letters patent No. 121,385?

A. The same.

Q. 21. To how many furnaces of defendants while you were employed by them did you apply this improvement?

A. We applied it sooner or later to all of them. None of them had it on when I first took charge, and before I left it was applied to all.

62 Q. 22. And how many furnaces was respondent using in its mines at that time—that is, at the time you left?

A. There were five.

Q. 23. Where is this mine located?

A. At Eureka, in the county of Eureka, in the State of Nevada.

Q. 24. What was your purpose in applying this improvement to those furnaces?

A. In order to more economically and satisfactorily withdraw the molten metal from the furnace while in operation and to avoid the trouble or loss and the expense, accompanied by the danger, which was usual and unavoidable by the old method of tapping.

Q. 25. Well, when did you, in conjunction with Mr. Albert Arents, invent this improvement?

A. Strictly speaking, Mr. Arents is the inventor, according to his statements, long prior to his coming to Eureka—that is, he made the invention long prior to the time when it was applied there, and my portion of it was an emendation and an alteration which, in a certain sense, was an improvement, and such improvement is now universally adopted. The invention, strictly speaking, belongs to Mr. Arents.

Q. 26. At what time was this improvement, together with the suggestions that you made—at what time was the whole thing invented—that is, when did you apply for letters patent?

A. The device of Mr. Arents was put on furnace number three, which was then known as the old Liebenau furnace. This was put on on the 19th of April, 1871. By incautious firing the building or superstructure caught fire, and in pouring water on it to
63 extinguish the flames the water ran down and into the automatic tap and stopped it up. I was in the office when this occurred, and noticing the stoppage—the office is close by the furnace building—I went out to see what was the trouble, and, after learning the facts, I stated to Mr. Arents, "Why don't you drive a

bar through that opening, connecting the automatic tap with the bottom of the furnace, and open it up again?"—the water had congealed the lead—and he said, "The connection has an elbow in it and you cannot drive a bar through it," and I remarked to him, "Is it possible that a man will put on a connection that way, so you cannot open it?" And I said, "Blow the furnace out and tamp in some more clay and put in a connection on a right line instead of with an elbow, so that if it becomes clogged up you may drive a bar through it and poke it out and clear it." That took a little while to do, and the furnace was retapped and then started, and ran from that on without any difficulty.

Q. 27. This was done on the 19th of April, 1871?

A. Yes, sir.

Q. 28. And that was the first time that this improvement was ever applied to any furnace?

A. It was the first time.

Q. 29. Well, was it ever applied to any furnace of this respondent before that date?

A. It was not.

Q. 30. Now, at what time did you apply for letters patent?

A. Five days thereafter, on the 24th—the 24th of June, 1871.

Q. 31. The 24th of June? Are you sure it was the 24th of June?

A. I beg pardon. Of April, I mean.

64 Q. 32. You made application, then, for letters patent five days after you applied the improvement to this furnace?

A. Five days after the first putting it on the Leibenau furnace No. 3.

Q. 33. Well, how long was it after the 19th of April before you applied it to the other furnaces of the respondent?

A. We never applied it to the old furnaces, but only to the new and large furnaces which were then in the process of construction. The first furnace thereafter to which we applied it was on furnace No. 4, which was the next furnace north from the Leibenau furnace No. 3. That was the first commenced to be put on on the same day we made application for letters patent, and it was in operation a day or two or three days after that, or as soon as the furnace was sufficiently dry, and then, subsequently, they were put onto the new furnaces, which were built further to the north, as fast as they were constructed. None of them, however, were in operation until after the middle of June. They were in process of building at the time we made application for the patent, but they were not constructed at all; at least they were merely going on building.

Q. 34. Did you ever use any of the furnaces of this respondent for the purpose of experimenting in order to make this improvement in furnaces?

A. We did not, for it was absolutely unnecessary. It was no more necessary to use the furnaces for experimenting than it would be to bring a cast-iron furnace and set it up in this room. It was an adjunct to a furnace, and it was only necessary that a shaft furnace should exist to apply this to one side of it.

65 Q. 35. Did the furnace of the respondent in any way aid you in perfecting your machine?

A. In no respect whatever, except that they were shaft furnaces. It could have been applied to any furnace. The furnaces *per se* were of no assistance to us whatever.

Q. 36. While you were employed by the defendant what part of your time was given to experimenting with reference to this improvement?

A. Not an instant. I merely made the suggestion to put that connection in there in a right line, and it did not take me any longer than it does to speak it.

Q. 37. Did the defendant ever contribute anything towards the expense of this experiment?

A. It did not, because none were necessary. In fact, to put on our tap was a distinct economy. The old method required the excavation of a large basin and the tamping it up so that it could, if necessary, contain all the molten lead in the furnace, whereas our patented device was a very small structure which did not require as much clay nor as much labor nor as much expense as the connecting canal and the large tap basin necessary for the old method of withdrawing metals from the furnace. It was a distinct economy instead of an expense.

Q. 38. Now, about what is the value, the commercial value, of this improvement in smelting furnaces?

A. It is certainly not less than a thousand dollars per annum, and probably two thousand dollars, and yet dependent largely, of course, upon the skill of the operators. That applies to each furnace. It is a saving of labor; it is a saving of time; it is really an insurance against fire, and by looking at the fluctuations of
66 the lead in the lead well you can form some estimate of the furnace; it saves charcoal, which is heaped up in front, and it enables you to make the furnace in front smaller, and it economizes space, and it prevents the unmelted or half, melted metal—so-called sows—from sinking down and attaching themselves to the sides and bottom of the furnace, for the reason that they are specifically lighter and float in the lead bath, and again, when the breast of the furnace is opened it is easily withdrawn from the surface of the lead bath. In other words, they don't attach themselves and cannot attach themselves to the bottom. I have known instances where a whole day has been lost when a furnace has been obliged to be run down on account of the accumulation of sows on the bottom, which this method of ours of maintaining the lead at a given level entirely avoids and prevents.

Q. 39. What time was the patent issued for this improvement?

A. In November of that year, 1871; I think it was the 28th.

Q. 40. Did you ever give the respondent, The Eureka Consolidated Mining Company, consent or license to use this improvement?

Mr. FREIDENRICH: We object to this question as incompetent. I submit that the proper way is for the witness to state just what

was done, and then it is a question of law whether the defendant did have a license or not.

(Question withdrawn.)

Q. 41. Did you ever make any objections to the use of your improvement by the respondent, The Eureka Consolidated Mining Company?

A. I made no objections, and it was not my place to make objections, because it was in a department presided over by Mr. Arents.

67 Q. 42. I suppose that while you were employed by the Eureka Consolidated Mining Company you were paid by that company for your services, were you not?

A. I was. There is another point that I think I should have answered. You asked me if I had ever made any objections to the use of the improvement by the respondent, and I answered that Mr. Arents presided over that department. I should like to add to that that neither then or at any time have I ever made a demand upon the Eureka Consolidated Mining Company or any other company for the collection of royalty for the use of the patented device. This dunning of people is a matter very disagreeable to me and not so disagreeable to Mr. Arents, and I have allowed him to do it. Mr. Arents volunteered to do so, and I have allowed him to do so to the amount of many thousands of dollars. He has collected them all.

Q. 43. Has there been any litigation in connection with this patent?

A. We have never been out of it. In fact we are not out of it yet. The patent had hardly got into our hands before we had an interference case.

Cross-examination of WINFIELD SCOTT KEYES.

(By Mr. FREIDENRICH:)

Q. 1. Mr. Keyes, you say that this improvement was first applied on furnace No. 3 on the 19th of April, 1871?

A. Yes, sir.

Q. 2. And thereafter the improvement was applied to new furnaces as they were built?

A. Yes, sir.

Q. 3. How soon after the 19th day of April, 1871, were the other furnaces referred to by you built?

68 A. They were on process of construction right along. The first one was finished—that is, it was ready to dry out—on the 24th. That is the first of the new ones, and the other were not ready, any of them, until after the middle of June.

Q. 4. Of 1871?

A. Yes, sir.

Q. 5. They were all built, however, before the first of July, 1871, were they?

A. I think not. The last one, I think, was not completed until late in the year.

Q. 6. How late in the year?

A. Probably in the fall some time.

Q. 7. As late as the month of October?

A. I think the fifth one there was later than October; probably as late as December.

Q. 8. But four of them were built before the 1st of July, 1871, were they?

A. I think not. I think that there were but—I cannot be sure, but I think there were but two built before the 1st of July of the new series.

Q. 9. Will you state, as near as you can, when these furnaces referred to by you were completed and your improvement applied?

A. As far as I can now recollect, the first of the new series was completed and fire put into it to dry it out on the 24th of April, 1871. The next furnaces—that is, of the new series—were probably finished some time in July and August. They were large furnaces and took a great deal of work. Then there was another one completed much later—how much later I cannot tell—and as fast as each furnace was constructed the application of the tap was made.

69 Q. 10. They were all completed in 1871?

A. All but one, to the best of my recollection; I left there in August, 1872, and Mr. Arents remained there a couple of months afterwards.

Q. 11. The patent was issued in November, 1871?

A. Yes, sir.

Q. 12. And you are quite sure all these furnaces were built during the year 1871. How many of them were built before the patent was issued?

A. I am not positive, but I should say three.

Q. 13. Now, was the fifth one completed before your departure—before you quit the employment of the defendant?

A. I think it was.

Q. 14. How did you come to apply the improvement at all?

A. I didn't apply it until Mr. Arents suggested to me a day or two before that, when we were running with green hands in tapping the furnace, when he said, "Why wouldn't it do to take this lead out of the side of the furnace, raise it up?" He said, "I have invented a method of tapping a long time ago, and with your permission I will put it on." Says I, "We have blown out No. 3, and it is an old furnace, and is going to be torn down." And it was torn down shortly afterwards. I said, "Try it on that." And he put it on, and then the result happened that I detailed; they had a crooked connection there which was objectionable, and I told him to make it a straight connection, and the furnace run along all right until it was torn down.

Q. 15. That was the alteration that you suggested?

A. Yes, sir. I suggested that instead of a right-angled connection it should be a straight connection.

70 Q. 16. Then it was a sort of experiment, the first one, on furnace No. 3?

A. Not at all, because it would have run unless the water had frozen the lead. It would have run and has run there on furnaces that we used the right-angled connection on.

Q. 17. Has Arents ever used that on a furnace?

A. No, sir; no one had used it. It was an idea, an invention of his own.

Q. 18. Before he had put it on and used it he couldn't say what the result would be?

A. Well, it was so simple that I adopted it at once. It is a well-known law of hydrostatics that water will seek its level in connecting tubes.

Q. 18. You thought it would be a good thing, and you went on and put on the improvement?

A. Having asked my permission, I acceded to his plans.

Q. 19. You say there was an elbow in it?

A. Yes, sir; there was an elbow in it.

Q. 20. And upon your suggestion he made a straight joint of it?

A. Yes, sir.

Q. 21. And then you found that that worked pretty well, and you put it on the other furnaces as they were built?

A. Yes, sir; every one of them.

Q. 22. Now, five days after you put it on the first furnace you made application for your patent?

A. Yes, sir.

Q. 23. And during those five days you were working it right along?

A. Yes, sir; four days after.

Q. 24. Had you ever seen it applied in any other furnace?

A. I had not.

Q. 25. Nor had Arents ever applied it to any other furnace?

71 A. Not that I am aware of.

Q. 26. Arents had charge of that department?

A. Yes, sir.

Q. 27. And you had general supervision of that department?

A. I had.

Q. 28. You didn't consider that you were obliged to consult with any other of the officers of the company as to whether that improvement should be put on at all?

A. No, sir; not at all.

Q. 29. You thought it was within your general powers to put it on if you thought it was good?

A. Anything that was good and to the advantage of the company I deem it my duty to do so.

Q. 30. And in pursuance of this general authority this improvement was put on?

A. In pursuance of that authority I permitted it to be put on.

Q. 31. And it remained on after the patent was issued?

A. Yes, sir.

Q. 32. And after the patent was issued you put it onto some of the new furnaces after they were finished?

A. If that furnace was finished after the issuance of the patent there were.

Q. 33. But you are not positive whether there was?

A. No, sir.

Q. 34. Your impression is that one of them was built after the year 1871?

A. That is my impression.

Q. 35. Then, if that is a fact, this improvement was put on after the patent was issued?

A. Yes, sir.

Q. 36. And was put on by Mr. Arents and yourself?

72 A. By Mr. Arents, with my permission.

Q. 37. There was no one else there?

A. No, sir.

Q. 38. You quit their employ along in 1872, in the month of August?

A. Yes, sir.

Q. 39. And at that time you made no objection to the patented invention being continued in use there, did you?

A. I did not.

Q. 40. You didn't undertake to take it away?

A. I did not.

Q. 41. Did not forbid the further use of it?

A. I did not, for my partner was still in their employ, and it was for him to make objection when he quit.

Q. 42. Now, have you ever from that time to this made any claim?

A. Personally I have not, for the reason that we never got a final decision until May 7th, 1888. Mr. Arents has, though.

Q. 43. You don't know of your own knowledge that he has?

A. He has told me so, and I have read his sworn testimony to that effect.

Mr. FREIDENRICH: Then I move to strike out that part of the testimony of the witness as incompetent, being hearsay.

W. S. KEYES.

(Examination continued, in conformity with agreement of counsel, subject to agreement and notice.)

73 *Deposition of Wm. Fries.*

FRIDAY, *December* 13, 1889.

Present: Mr. Flournoy, of counsel for complainant; Mr. Freidenrich, of counsel for respondent.

Examination-in-chief of WILLIAM FRIES, on behalf of respondent.

(By Mr. FREIDENRICH:)

Q. 1. State your name, age, place of residence, and occupation.

A. My name is William Fries; my age, twenty-nine years; I reside in San Francisco, and I am by occupation a mining president.

Q. 2. Are you connected with the defendant in this suit; if so, what office do you hold?

A. Yes, sir; I am president of the company.

Q. 3. How long have you occupied that position?

A. Five years, about.

Q. 4. During the past five years?

A. During the past five years.

Q. 5. Do you know the complainant, Albert Arents?

A. Yes, sir.

Q. 6. Did you have any conversation with him in this city and county, at the office of the Eureka Consolidated Mining Company, during the month of August, 1888, or about that time?

A. Yes, sir.

Q. 7. With reference to what?

A. With reference to a claim which he thought he had against the Eureka Consolidated Mining Company.

Q. 8. Was it the claim referred to in complaint filed in
74 this case?

A. Yes, sir.

Q. 9. State, as near as you can, the conversation that you had with Mr. Arents at that time.

A. Mr. Arents had written a letter at first drawing my attention to the matter, and then he called on me in reference thereto, stating that he had a patent, which he was part owner and inventor of, which we were using and had been using for a number of years, and that he thought that we ought to pay him the same as all other smelting works had for the use of it. I told him that I was surprised at the demand and that in consideration of his having been employed at our place, payed at the time, during which time he made this invention, and that further consideration he had applied it at our works, and so on, and that I didn't think he was making a just claim. Of course, he told me that he had a perfect right to do it, and so on, and about the same as the letter which I have with me contained. That is about the conversation.

Q. 10. What, if anything, was said with reference to his having experimented with his invention?

Mr. FLOURNOY: We object to that on the ground that it is leading The proper way would be to ask the witness what was said.

A. Mr. Arents claimed that it was not new to him, his invention; that he had it all fixed in his mind long before he ever went to Eureka, although he had never tried it, but there was no doubt about it; he knew it would work.

Q. 11. Did he say where he first applied his process?

A. Yes, sir; at Eureka, Nevada, practically.

Q. 12. At what place in Eureka, Nevada?

75 A. At the Eureka Consolidated Company's works.

Q. 13. When was the first time you heard of the claim asserted by Mr. Arents and Mr. Keyes against the Eureka Consolidated Mining Company?

A. The claim?

Q. 14. Yes.

A. In a letter which I received from them, dated May 2, 1888.

Q. 15. Had you prior to that time had any conversation with either of these complainants in this case with reference to their invention?

A. Yes, sir.

Q. 16. When and where was it and about what time did it take place?

A. Well, I should think (referring to paper) some time between February and June, 1887. I have not answered where, and hardly could, not being sure where it was—at the Union club or at our office.

Q. 17. Well, it was in San Francisco?

A. Oh, yes; in San Francisco.

Q. 18. Now, what gave rise to it?

A. It was brought about by both Mr. Arents and Mr. Keyes having been employed by our company as experts in another suit against us, in which they gave opinions.

Q. 19. What was the nature of that suit?

A. The suit was by Edward Probert, of the Richmond Mining Company, against our company for the infringing upon a certain patent for working iron or speiss, which had been granted him and which he claimed we were using. We employed them to give their opinion—Mr. Keyes, separate, for an opinion and Mr. Arents as to his opinion, and also to his sworn statement after examination as to what we were really using at our works at Eureka, Nevada, after he had been there.

Q. 20. Now, state what, if anything, was said by him at
76 that time, with reference to the invention which you were then using, by complainants or either of them.

A. Mr. Arents told us, or at least gave it as his opinion——

Q. 21. (Interrupting.) Told who?

A. Told the company.

Q. 22. I mean, to whom did he say it?

A. To me; he said not to settle with Mr. Probert; that he had no claim against us; and at that time Mr. Arents made the remark that he and Keyes had an invention which we had been using—have and had been using—for a long time and for which they had never asked us to be paid for.

Q. 23. Do you know what invention he has reference to?

A. Yes, sir; he explained it to me what it was.

Q. 24. Explained what to you?

A. Well, explained to me that the well tap——

Q. 25. (Interrupting.) Did he explain to you this invention covered by the patent, which is involved in this suit?

A. Well, very briefly; he drew my attention to it, that this part of the furnace, which at that time I considered part of any other furnace—I didn't know it was any special business—was his invention and made this remark, that he or Keyes had never asked us for anything.

Cross-examination of WILLIAM FRIES.

(By Mr. FLOURNOY:)

Q. 1. At about what time, Mr. Fries, between February and June of 1887 was it that you had this conversation that you have last referred to with Mr. Keyes and Mr. Arents?

A. Well, I couldn't state at all with any accuracy.

77 Q. 2. What is that memorandum that you hold in your hand, Mr. Fries, and to which you have been referring?

A. This memorandum I have here I took from the company's minutes, which gives me that in February 25th, 1887, the minutes show that a certain letter——

Q. 3. (Interrupting.) Well, I don't care anything about what the minutes show. Did you make that memorandum from the books yourself?

A. Yes, sir. I made this to give me an idea as to between what times I had employed Mr. Keyes and Mr. Arents in this Probert suit.

Q. 4. And you think it was some time between February and June?

A. I know it was between the 25th of February and June 21, 1887.

Q. 5. And whereabouts in San Francisco?

A. Well, as to the conversation with Mr. Keys, I know it was at the Union club. As to Mr. Arents, I don't know whether it was at the club or at the company's office or on the street; that I couldn't recall.

Q. 6. Did you ever have a conversation with them when they were both together?

A. No, sir.

Q. 7. You never did?

A. No, sir.

Q. 8. At the time when you had that conversation with Mr. Keyes who else was present?

A. Mr. H. Donnelly. That conversation, I know, was at the Union club.

Q. 9. At what time of the day or night was this?

A. I believe it was about noon.

78 Q. 10. Was Mr. Donnelly present during the whole of this conversation?

A. Yes, sir.

Q. 11. Who is Mr. H. Donnelly?

A. Mr. H. Donnelly is a mining superintendent and lives in Oakland.

Q. 12. Now, will you please state, as near as you can, just the words that Mr. Keyes used in reference to this invention, which is covered by the patent sued on in this action?

A. Never referred to it.

Q. 13. Do I understand you to say that you had a conversation with Mr. Keyes at the Union club with reference to this invention?

A. No, sir.

Q. 14. What was your conversation?

A. In reference to the Probert invention.

Q. 15. Then you never did speak to Mr. Keyes upon the subject of this invention?

A. Never.

Q. 16. Now, can you tell me the place where you had your conversation with Mr. Arents in reference to this patent sued on in this action?

A. As near as I remember, it was at the company's office, and some conversation on the street also.

Q. 17. And that was between February and June, 1887?

A. Well, as to this one remark, when that was the only conversation, I couldn't tell, because there had been no suit brought.

Q. 18. Was it some time between February and June, 1887?

A. Yes, sir.

Q. 19. Where was the company's office at this time?

A. I believe it was where we were now—306 Pine St.

Q. 20. Could you tell me whether it was about the middle of the time between February and June, or can't you get nearer the time than to say it was between February and June?

79 A. No, sir; I can't get any nearer. Those are the only two dates I have.

Q. 21. Who was present at this time that you had the conversation with Mr. Arents?

A. Mr. Donnelly.

Q. 22. Mr. Donnelly was also present?

A. Yes, sir; at one of the conversations.

Q. 23. Then you had two conversations with Mr. Arents?

A. Two or more.

Q. 24. Between February and June, 1887?

A. Oh, that I couldn't state; I mean all together. We had many conversations.

Q. 25. Mr. Donnelly, you say, was present when you had one conversation with Mr. Arents?

A. Yes, sir.

Q. 26. And you think it was at the company's office, at 306 Pine St.? A.

A. Yes, sir; and I think I can give a nearer date to that, from a remark in a letter of Mr. Arents to the company which I have before me. (After examining some papers:) Well, I haven't it here. It is in another letter. I know the words that Mr. Arents uses, and from that I can get about near when this conversation was, because it was about a week prior to Mr. Arents' writing this letter to me. By reference to a letter that is in my custody I can ascertain within a week the time of the conversation with Mr. Arents to which I have particularly referred.

Q. 27. Now, at the time you had this conversation of which we are now speaking Mr. Donnelly was present?

A. Yes, sir.

Q. 28. And what did Mr. Arents then say to you in reference to the patent sued upon in this action?

A. Oh, that it was a just claim, and that he was entitled
80 to the consideration; also, when Mr. Donnelly asked me why he had not sued before, he stated that they waited until they had established the validity of their patent.

(By Mr. FREIDENRICH:)

Q. 29. You are now referring to the last conversation in time that you spoke of?

A. Yes, sir; I have misunderstood that. There was no one present at the conversation first in time which I had with Mr. Arents and concerning which I have testified.

(By Mr. FLOURNOY:)

Q. 30. Then, when was Mr. Donnelly present?

A. At a meeting the date of which I can ascertain through the letter spoken of before. I don't know when it was.

Q. 31. Was not that in August of 1888?

A. No; I think it was much earlier.

Q. 32. You think it was much earlier?

A. Yes, sir.

Q. 33. Well, now, come down to the time of the conversation which you had with Mr. Arents when Mr. Donnelly was present.

A. Yes, sir.

Q. 34. Now, state to me what Mr. Arents said in reference to the patent sued upon in this action.

A. Yes, sir; this is where he said his claim was just, and that he was entitled to it, and that he did not care for any suit and was willing to compromise the matter, and that it was a valuable invention, which was shown by the fact that we used it.

Q. 35. Is that all he said at that time?

A. No; I believe there was—well, I then brought up my argument, which was that he made this whilst he was in our employ, and that he was paid at the time and experimented at our place, and that I thought it was strange that he should wait for a lapse of nearly seventeen years before he made this claim, and this
81 is the time that Mr. Donnelly made the remark which led Mr. Arents to infer that he thought the company were part owners in this.

Q. 36. Well, when you said that Mr. Arents had been paid by the company and had experimented while employed by the company, what did Mr. Arents say?

A. That there were no experiments made.

Q. 37. When you said that he had experimented at the expense of the company or while employed by the company, did you know whether or not he had?

A. From hearsay only.

Q. 38. And you have no knowledge upon that question yourself?

A. No, sir.

Q. 39. If I understood you a moment ago, you said that at that time that Mr. Arents spoke something in reference to the validity of the patent?

A. Yes, sir.

Q. 40. What did he say?

A. He gave that as his reason for not having claimed earlier—the fact that they wanted the patent established—the value of the patent established in the courts East, I believe, in Denver, or in Colorado, at any rate.

Q. 41. Did he speak to you about having any litigation in reference to this patent?

A. I think so.

Q. 42. Now, is that all the conversation that you had with Mr. Arents in relation to this patent when Mr. Donnelly was present?

Answer. Yes, sir; as near as I remember.

Q. 43. Now, did you ever have any other conversation with Mr. Arents in reference to this patent?

A. Yes, sir.

Q. 44. Where was that?

A. Well, as I said, on the street some and some in the office of the company.

Q. 45. How many times did Mr. Arents, to your knowledge, ever go to your office in reference to this matter, the matter
82 of this patent?

A. And settlement, and so on?

Q. 46. Yes.

A. I should think anywhere between five and ten times.

Q. 47. And did you see Mr. Arents at your office somewhere between five and ten times?

A. Yes, sir.

Q. 48. Now, the second conversation that you speak of you had upon the street?

A. Well, I wouldn't state that that was the second conversation.

Q. 49. Well, the second of which we are now speaking.

A. Well, I would hardly be prepared to say yes.

Q. 50. Did you ever have a conversation with Mr. Arents on the street in reference to this patent?

A. Yes, sir.

Q. 51. When?

A. Well, as near as I could get to them would be if I would say between June, 1887, up today or within a year. Well, I haven't seen Mr. Arents for a year. Between June, 1887, and the latter part of 1888.

Q. 52. That is, you had a conversation with Mr. Arents on the street with reference to this patent some time between June, 1887, and December, 1888?

A. Yes, sir.

Q. 53. Who else was present at this time?

A. I think I was alone.

Q. 54. Whereabouts was it; on what street was it?

A. Well, I presume, most likely, it was Pine street; on Pine or Montgomery streets; somewhere around there.

Q. 55. What was the conversation which you then had?

A. Well, I would meet Mr. Arents and he would say,
83 "Have you had a talk with your attorney on that," and——

Q. 56 (interrupted). I am speaking of this special conversation. I don't care what was generally said, but what was said at this time.

A. Well, there is no special conversation between that time—there is no special conversation between that year and a year and a half, that I can say. There were conversations.

Q. 57. Is there a single conversation between June, 1887, and December, 1888, which you can remember that anything was specially said?

A. No, sir.

Q. 58. Do you remember, Mr. Fries, when this action was commenced?

A. Not without reference to——

Q. 59. (Interrupting.) Well, allow me to refresh your memory. Do you know whether or not it was about the 29th of October, 1888?

A. No; I don't know. That is my information—that it was commenced then.

Q. 60. Did you have a conversation with Mr. Arents in reference to this patent some time during the month of August, 1888?

A. Yes, sir.

Q. 61. Where was that conversation?

A. At our office—at the company's office.

Q. 62. Is that the conversation which was first referred to in your examination-in-chief?

A. I think so.

Q. 63. Did you have more than one conversation at your office with Mr. Arents during the month of August, 1888, in refer-
84 ence to this patent?

A. I don't think so.

Re-examination of WILLIAM FRIES.

(By Mr. FREIDENRICH:)

Q. 1. Was any one else present at that conversation besides Mr. Donnelly?

A. I think Mr. Freidenrich was also present.

Q. 2. Have you stated all that Mr. Arents said at that time with reference to having experimented at the company's works before making the application for a patent?

Mr. FLOURNOY: To that we object on the ground that it is not in rebuttal of anything brought out on cross-examination, and to be entered into by the respondent it should have been on the examination-in-chief of this witness.

A. I think so.

Q. 3. Now, repeat, if you can, what he said in relation to that matter.

(The same objection by complainant.)

A. That there had been no necessity of experimenting; that he knew it would do the work that it is intended to do.

WILLIAM FRIES.

(Examination continued in conformity with agreement of counsel, subject to notice and agreement.)

85 WEDNESDAY, *January 8th*, 1890.

Present: Mr. Flournoy, of counsel for complainants; Mr. Freidenrich, of counsel for respondent.

Examination-in-chief of ALBERT ARENTS on behalf of complainants.

(By Mr. FLOURNOY:)

Q. 1. State your name, age, place of residence, and occupation.

A. My name is Albert Arents; my age, fifty years; I reside in Alameda, California, and I am by occupation a mining engineer. I am one of the complainants in this suit.

Q. 2. Are you the Albert Arents whose deposition was taken in Berlin, Germany, in this action?

A. Yes, sir.

Q. 3. Were you present at the examination of Mr. Fries on December 13, 1889?

A. Yes, sir.

Q. 4. Did you hear the testimony of Mr. Fries relative to a conversation which you had with him regarding the invention that is sued on in this action?

A. Yes, sir.

Q. 5. Do you remember what Mr. Fries said about the conversation which you had or he had with you when the claim of Mr. Probert was spoken of?

A. Yes, sir.

Q. 6. Will you please state the circumstances under which you had that conversation?

A. The conversation took place between the 1st and 6th of January, 1887, in the office of W. S. Woods, an attorney of San Francisco. Mr. Fries, through Mr. Keyes, sent for me to look over the patent of Mr. Probert and give him my opinion as to whether
86 it was a good patent or not, whether they should pay for it or not, and I told him at the time that he was somewhat in a hurry to collect, considering that we had had a patent for a long time, which the Eureka Consolidated were using, for which we had not received any pay yet at all, and for which I had not asked the present owners of the stock or the people representing the company at that time to pay.

Q. 7. Were you speaking to Mr. Fries then as president of the company?

Mr. FREIDENRICH: I object to that question as immaterial who he was speaking of.

A. Well, I really don't know. I spoke to Mr. Fries, that was all. Of course, I knew he was the president.

Q. 8. Was the subject of the invention which you have sued on here the particular subject of that conversation?

A. It was not. It was just a remark. The conversation turned about Mr. Probert's patent, and I just casually made the remark, and I wanted to make it, because I supposed that these people might not do anything about my patent. It was seven or eight years that I had been in litigation and never had been at the office of the company, and that during that time I never asked them for anything, although prior to that time I did ask them, but those were other people, and so I wanted to give them a sort of hint that there was a patent for which I expected them to pay, and I put it in that shape.

Mr. FREIDENRICH: I move to strike out all the witness's last statement as not responsive to the question propounded and as giving the intent and meaning of the witness. He has already given the conversation that occurred.

87 Q. 9. Mr. Arents, you spoke of "other people;" to what do you refer?

A. Well, a mining company may be, as an artificial person existing as long as their charter exists, that is to say; but the owners of the stock and the officers in power change from time to time completely, and the people I refer to, the former people, were the occupants of the offices, the trustees, the secretary, and the president, and at the time I had the conversation with Mr. Fries they were entirely a very different set of people to which I had ever spoken on the subject.

Q. 10. Have you had much litigation in reference to this patent, Mr. Arents?

A. Yes, sir.

Q. 11. Well, when did you have your first contest in reference to it, Mr. Arents?

A. Shortly after the patent was issued; a few months afterwards.

Q. 12. What was that?

A. It was an interference suit brought by one Ebenezer Bassett, and took place before the Commissioner of Patents, and lasted for about a year and a half.

Q. 13. Well, how long was this matter before the patent authorities?

A. I think about a year and a half; a year or a year and a half.

Q. 14. Do you know when the decision was rendered in that interference case?

A. (Referring to memorandum.) It was rendered in March, 1873.

Q. 15. Well, after the interference suit, what was the next litigation that you had?

A. Well, the next litigation we had was with Ziele and
88 others. The suit was brought in the summer of 1879, and decision was rendered in April, 1880.

Q. 16. Was that upon this patent?

A. Upon this patent.

Q. 17. What was the next litigation, Mr. Arents?

A. Well, I left right after that for Colorado, and we made some collections then, when I had to bring suit against Grant & Grant. That suit was brought on the 3rd of November, 1880. The first trial took place in that suit—it was a jury trial—on the 31st of May, 1882. That was a mistrial, the jury not agreeing. We had a second trial which began on the 16th of November, 1882, and the judge decided the case against us—took it away from the jury and invalidated the patent, and we appealed to the supreme court. The case was filed in the supreme court on the 20th of March, 1883, and the supreme court decided the case in our favor, granting a new trial—that was all that it did—in the spring of 1886, and thereupon Grant made a compromise with us, which was in October, 1886. Upon that I made quite a number of collections in Colorado and Utah, Montana, and Idaho; but one chief firm, though, of Colorado refused to pay us on the ground that our patent was not good.

Q. 18. What firm was that, Mr. Arents?

A. That was the Pueblo Smelting and Mining Company. We brought suit against those people in January, 1887, right shortly after I had the conversation with Mr. Fries, and that lasted until July, 1888, when Justice Miller, of the Supreme Court, decided that the patent was valid, in our favor, and that was the first decision we had on our patent being a valid patent.

Q. 19. And the next litigation is the present case, Mr. Arents, is it?

A. Yes, sir.

89 Cross-examination of ALBERT ARENTS.

(By Mr. FREIDENRICH:)

Q. 1. Have you at this time a distinct recollection of the conversation which you had with Mr. Fries, at the office of W. S. Woods, between the first and 6th of January, 1887?

A. Yes, sir.

Q. 2. If your attention had not been called by Mr. Fries to that conversation would you have recollected anything about it?

A. Indeed I would.

Q. 3. Was there anything in the conversation itself which impresses it upon your mind so that you would distinctly recollect it at this time?

A. There was nothing in the conversation, but I made that remark intentionally, for the purpose of letting Mr. Fries and his associates in that company know that there was such a patent, in case they didn't know, and that is why I recollect. It was intentional, not a casual remark.

Q. 4. Did you at that time tell Mr. Fries that you had made a demand upon any of the prior officers of the corporation?

A. No; I did not. It was a flying remark anyhow, only.

Q. 5. It was a passing remark?

A. Yes, sir; it was a passing remark, intentionally made, though. Our patent was not good yet, and we couldn't demand anything.

Q. 6. Then you were under the impression at the time and pro-

ceeded upon the theory that you could not demand anything, because at the time your patent was not good?

A. Yes, sir; but I expected that we could win the suit, and I wanted them to know it.

90 Q. 7. The first litigation that you had in court occurred in 1879, you say?

A. Yes, sir.

Q. 8. Where was that?

A. Here in San Francisco; that is, I was not engaged in court; there was no witnesses in the case.

Q. 9. What was the nature of that litigation?

A. It was decided by Judge Sawyer on documentary evidence.

Q. 10. What was the decision?

A. The decision was that they should pay us; that the patent was a good patent; but there was no testimony. I made a drawing representing their furnace, which they had.

Q. 11. Who was the defendant?

A. Ziele and others. Dr. Ziele, you know.

Q. 12. Dr. Ziele and others?

A. Yes, sir. I made a drawing showing the manner in which the metal was drawn from the furnace usually and the manner in which they drew it, and we handed in our patent, which also contained a drawing, and that was all.

Q. 13. What was the decision in the case?

A. The decision was that our patent was a good patent—was a valid patent—and upon that I left for Colorado.

Q. 14. Was that the only decision?

A. That was the only decision. Well, yes, there was a certain amount of money to be paid.

Q. 15. Was it decided that your patent was interfered with?

A. Yes, sir; but it was not on testimony, you understand; it was a sort of *ex parte* case.

Q. 17. At what mine was Dr. Ziele using this—upon what furnaces?

A. At no mine. He was using it here in Melrose, California, smelting the flue dust of the Eureka Consolidated.

91 Q. 18. Then from March, 1873, when the contest, as you call it, in the Patent Office ceased, up to the time of the commencement of this suit here, in 1879, there was no contest at all concerning this matter?

A. No contest; there was no suit brought.

Q. 19. So that during that period of six years no litigation arose at all concerning this patent?

A. No, sir.

Q. 20. And you knew all that time that the defendant herein was using the process patented by you?

A. Yes, sir.

Re-examination of ALBERT ARENTS.

(By Mr. FLOURNOY:)

Q. 1. Now, Mr. Arents, you answered that you knew the respondent herein was using this invention during the time from 1873 to 1879. Did you make any demand during that time upon this company for the payment of any money for the use of this patent?

A. I did.

Q. 2. Were any suits brought against anybody during the period from 1873 to 1879?

A. No, sir.

Q. 3. Why not?

A. Because our attorney, Mr. Greathouse, who was afterwards consul general to Japan, whom we believed to be a very good patent lawyer, told us that in his opinion our patent was not good and would not stand the test in a court of law or equity, for he had seen a printed publication at Washington, in the Patent Office, wherein that same thing was described, and friends of ours being in the same business, engineers, also claimed that our patent would not stand in court, and Mr. Greathouse, on the strength of that, advised us to collect what we could amicably, but never to bring a suit. In 1878,
92 when we made a test, it was for the purpose—with the Melrose people, it was for *for* the purpose of getting a judgment and thereby induce people using our invention to pay more readily—amicably, of course. In 1880, when I came to Colorado, I discarded Mr. Greathouse. I never did believe in his theory, and we took other counsel and then our fight began.

Q. 4. Well, in this time did you collect amicably from users of furnaces?

A. We did collect amicably from various persons—yes, once in awhile—but most of them refused to pay. I asked the Modoc at that time, and I asked the New Coso, and I asked a number of furnaces in Utah, and no one wanted to pay, but we didn't sue, of course, under the belief that we would lose the patent.

Q. 5. Since the validity of this patent was established by the decision of Justice Miller, you did make a demand upon this company respondent for payment for the use of the invention?

A. I did.

Recross-examination of ALBERT ARENTS.

(By Mr. FREIDENRICH:)

Q. 1. This suit which you brought in the circuit court of this district in 1879 against Dr. Ziele was a friendly suit?

A. No; it was not a friendly suit. Perhaps my former answer conveys too much; they did pay it.

Q. 2. But there was no earnest contest concerning the validity of your patent?

A. Well, no more than I have stated; there was no testimony.

Q. 3. The purpose was that you should get a judgment
93 in order to induce parties to make amicable settlements with you?

A. Well, it might help us to make collections in a friendly way, but they did pay after all.

Q. 4. Now, you say you made a demand upon the company respondent in this suit prior to 1880. How did you make that demand?

A. I went to the office of the company and talked to Mr. Traylor, who was at that time secretary of the company, and told him that they were using my invention, and that the company had had a great deal of benefit from it and that I thought they ought to pay us. I didn't use any threats, because I never meant to sue them, and I talked that way to them, and they sometimes would laugh and would say, "Yes, maybe we will pay you," and "I don't think there is much in it," and talk like that and put me off.

Q. 5. You never sent a communication in writing to the company?

A. No, sir; for the reason that I did not mean to press the thing. If I couldn't get it amicably I wouldn't do anything, and so it was no use. I had to come to them myself and talk to them and try to get out of them what I could.

Q. 6. When did you first state to Mr. Traylor about it?

A. Oh, that must have been about 1874, early in 1874; about a half a year or so or several months after the decision was rendered in the interference case. Of course as long as that was going it was no use.

94 (It is agreed by both complainant and respondent as a fact that W. W. Traylor referred to in the above deposition died prior to the date of the commencement of this suit.)

(Examination continued, in conformity with agreement of counsel, until Thursday, January 16th, 1890, at half past ten o'clock a. m.)

Upon reading the above deposition the witness makes the following corrections:

I desire to correct my answer to Q. 9, page 33, to read as follows: Well, a mining company as an artificial person may be existing as long as their charter exists, but the owners of the stock and the officers in power change from time to time completely, and the people I referred to as the "former people" were the occupants of the offices, the trustees, the secretaries, and the president, of former times. At the time I had the conversation with Mr. Fries they were entirely a very different set of people, to whom I had never spoken on the subject, from what they were formerly.

To the answer of Q. 18, page 35, I desire to add: With witness in the case.

In answer to Q. 4, upon recross-examination, page 40, after the words "I did not use any threats, because I never meant to sue them," I desire to have inserted the words "at that time."

ALBERT ARENTS.

95 *Certificate to Depositions.*

I certify that the foregoing depositions were taken at the place stated in the caption to said depositions at the several times set forth in said depositions in my presence and in the presence of counsel for the respective parties to the cause in said caption entitled; that previous to giving the testimony each of the witnesses in said depositions named was by me duly sworn to tell the truth, the whole truth, and nothing but the truth in said cause; that said depositions were taken down in short-hand writing and transcribed by A. S. Coombs pursuant to stipulation and agreement of counsel; that said depositions, after being so transcribed, were read by or by me to the said witnesses and signed by them respectively, and that I have retained said depositions for the purpose of delivering the same with my own hand to the court for which they were taken.

I further certify that I am not attorney nor of counsel for any of the parties of said cause nor in any way interested in the event thereof.

In witness whereof I have hereunto set my hand this seventeenth day of March, A. D. 1890.

S. C. HOUGHTON,
Examiner in Chancery U. S. Circuit Court, Dist. of Cal.

Endorsed: Depositions of witnesses in above-entitled cause taken before me and by me sealed and delivered to the clerk of the above-named court. S. C. Houghton, examiner, &c. Received and filed March 17th, 1890. L. S. B. Sawyer, clerk, by F. D. Monckton, deputy clerk. Opened and refiled March 19, 1890. L. S. B. Sawyer, clerk, by F. D. Monckton, dep-ty clerk.

96 *Order Allowing Appeal.*

At a stated term, to wit, the February term, A. D. 1891, of the circuit court of the United States of America of the ninth judicial circuit in and for the northern district of California, held at the court-room, in the city and county of San Francisco, on Friday, the 22nd day of May, in the year of our Lord one thousand eight hundred and ninety-one.

Present: The Honorable Lorenzo Sawyer, circuit judge.

W. S. KEYES *et al.*
vs.
EUREKA CONSOLIDATED MINING COMPANY.

On motion of John Flournoy, Esq., solicitor for complainants, it is ordered that an appeal to the Supreme Court of the United States from the decree heretofore filed and entered herein be, and the same hereby is, allowed, and that a certified transcript of the record, testimony, and proceedings herein be forthwith transmitted to the Supreme Court of the United States. It is further ordered that the amount of the bond for costs be fixed at five hundred dollars.

97 *Bond on Appeal.*

In the Supreme Court of the United States.

WINFIELD SCOTT KEYES and ALBERT ARENTS, Appellants,
vs.
THE EUREKA CONSOLIDATED MINING COMPANY OF CALIFORNIA, Appellees.

Know all men by these presents that we, C. C. Volberg and L. Oesterreicher, are held and firmly bound unto The Eureka Consolidated Mining Company of California, the above-named appellee, in the sum of five hundred dollars, lawful money of the United States of America, to be paid to the said Eureka Consolidated Mining Company of California or its assigns; to which payment, well and truly to be made, we bind ourselves and each of us, jointly and severally, and our and each of our heirs, executors, and administrators, firmly by these presents.

Dated this 26th day of May, A. D. 1891.

The condition of this obligation is such that whereas said Winfield Scott Keyes and Albert Arents have taken an appeal to the Supreme Court of the United States to reverse the decree filed and entered by the circuit court of the United States of the ninth judicial circuit for the northern district of California, in the suit entitled Winfield Scott Keyes and Albert Arents, complainants, *versus*

98 The Eureka Consolidated Mining Company of California, respondent, No. 10235, which said decree was filed and entered in said circuit court on the 30th day of January, 1891:

Now, therefore, if the above-named appellants shall prosecute their said appeal to effect and answer all costs if they shall fail to make good their plea, then this obligation shall be void; otherwise to remain in full force and effect.

C. C. VOLBERG. [SEAL.]
L. OESTERREICHER. [SEAL.]

Signed, sealed, and delivered in the presence of—

F. D. MONCKTON.

UNITED STATES OF AMERICA,
Northern District of California, } *ss:*

C. C. Volberg and L. Oesterreicher, being duly sworn, each for himself says that he is a householder within the district aforesaid, and that he is worth the sum of five hundred dollars, exclusive of property exempt from execution and over and above all his just debts and liabilities.

C. C. VOLBERG.
L. OESTERREICHER.

Subscribed and sworn to before me this 26th day of May, 1891.

F. D. MONCKTON,
Commissioner U. S. Circuit Court,
Northern District of California.

Endorsed: The form of the within bond and the sufficiency of the sureties thereon are hereby approved. Lorenzo Sawyer, circuit judge. Filed May 26, 1891. L. S. B. Sawyer, clerk, by F. D. Monckton, deputy clerk.

99 In the Circuit Court of the United States, Ninth Judicial Circuit, Northern District of California.

WINFIELD SCOTT KEYES and ALBERT ARENTS *vs.* THE EUREKA CONSOLIDATED MINING COMPANY. } No. 10235.

I, L. S. B. Sawyer, clerk of the circuit court of the United States of America of the ninth judicial circuit in and for the northern district of California, do hereby certify the foregoing ninety-eight written and printed pages, numbered from 1 to 98, inclusive, to be a full, true, and correct copy of the record and of the proceedings in the above and therein entitled cause, and that the same together constitute the transcript on appeal to the Supreme Court of the United States.

Seal U. S. Circuit Court, Northern Dist. Cal.

In testimony whereof I have hereunto set my hand and affixed the seal of said circuit court this 30th day of June, A. D. 1891.

L. S. B. SAWYER,
Clerk U. S. Circuit Court, Ninth Circuit,
Northern District of California.

100 UNITED STATES OF AMERICA, *ss:*

To the Eureka Consolidated Mining Company, a corporation existing under and by virtue of and doing business under the laws of the State of California and a citizen of the State of California, Greeting:

You are hereby cited and admonished to be and appear at the Supreme Court of the United States, to be held at the city of Washington, in the District of Columbia, on the 23rd day of July, A. D. 1891, pursuant to an order allowing an appeal to the Supreme Court of the United States from the decree of the circuit court of the United States of the ninth judicial circuit, northern district of California, which said decree was filed and entered in said circuit court of the United States on the 30th day of January, 1891, in that certain suit wherein Winfield Scott Keyes and Albert Arents are complainants and you, said Eureka Consolidated Mining Company, are respondent, and numbered 10235, to show cause, if any there be, why the decree in the said order allowing appeal mentioned should

not be corrected and speedy justice should not be done to the parties in that behalf.

Witness the Honorable Lorenzo Sawyer, judge of the circuit court of the United States for the ninth judicial circuit, this 26th day of May, A. D. 1891, and of the Independence of the United States the one hundred and fifteenth.

LORENZO SAWYER,
Circuit Judge.

101 [Endorsed:] R. 10235. In the Supreme Court of the United States. W. S. Keyes, &c., appellants, *vs.* Eureka Con. M. Co., appellee. Citation. Filed May 26, 1891. L. S. B. Sawyer, clerk U. S. circuit court, nor. dist. Cal.

Service of the within citation and receipt of a copy thereof is hereby admitted this 26th day of May, 1891.

NAPHTALY, FREIDENRICH & ACKERMAN,
LANGHORNE & MILLER,
Solicitors for Appellee and Respondent.

Endorsed on cover: Case No. 14,742. N. California C. C. U. S. No. 228. Winfield Scott Keyes and Albert Arents, appellants, *vs.* The Eureka Consolidated Mining Company. Filed July 15, 1891.

Supreme Court of the United States.

October Term, 1894. No. 228.

Winfield Scott Keyes and Albert Arents, Appellants.

vs.

Eureka Consolidated Mining Company, Appellee.

BRIEF FOR APPELLANTS.

Statement of the Case.

This is an action in equity, for an *injunction* and *an accounting* for the infringement by respondent of letters patent No. 121,385, issued November 28th, 1871, to Keyes & Arents, the appellants.

The Invention.

The patent is for a new and useful improvement in furnaces for smelting lead and other ores. The *device* consists of a basin placed on the *side* of the furnace, *at*

a suitable height and connected with the bottom of the furnace by a tube or canal, by the means of which, the *pure and clear lead*, that is lead free from the slag and matte, is automatically withdrawn from the smelting furcace while in operation, thus doing away with the old method of periodically tapping the furnace from a hole at its bottom for the clear and pure lead, being a great saving in time, labor and fuel.

The *patent* and *its validity* are admitted by the answer.

The novelty of the invention was considered by this Court in the case of Keyes et. al., v. Grant et. al., 118 U. S., 25.

The Pleadings

The Bill is in the usual form for *an injunction* and *an accounting* and was filed October 28th, 1888 (Record, pages 1, 2, 3, 4).

The answer of the defendant, filed January 7, 1889, admits, that the complainants are the owners of the patent, that the patent is valid, that the specifications are sufficiently full and clear, that the validity of the patent has been assailed as set out in the Bill, that in the month of July, 1888, a decree was rendered by the Honorable Samuel F. Miller, associate justice of the Supreme Court of the United States, in the Circuit Court for the District of Colorado, establishing the validity of the patent and sustaining the judgment of the Circuit Court of the Northern District of California,

entered in April, 1880, and that the defendant has used the improvement since 1871, without compensation to the patentees; and as its *only* defense sets up a license by operation of law alleging the following facts in support thereof, to-wit:

First. That the complainant Keyes, while in defendants' employ and pay as superintendent, to-wit: from the 10th day of January 1871 to the 1st day of September 1872; and the complainant Arents, while in the employ and pay of defendant as assayer and smelter, to-wit: from the 23rd of January 1871 to the 10th of November 1872, *experimented*, upon improvements in furnaces for smelting ores, and for the purpose of said *experiments*, used the furnaces of defendant at the expense of defendant.

Second. That through said experiments, and at the expense of defendant, complainants perfected their said improvement.

Third. That after experimenting as aforesaid at the expense of defendant and after perfecting said improvement, complainants applied the same to the furnaces of defendant of their free will and accord.

Fourth. That said improvement was used by defendant, with complainants' knowledge and consent, prior to their application for said letters patent.

Fifth. That when the complainants quit the employment of defendant, to-wit: in September 1872, they knew that defendant was using their improvement on its furnaces, and *made no objection* to that use *until the year 1888.*

Sixth. That until the *year 1888* the complainants made no objection to defendant's use of said improvement and by their acts and conduct *led* defendant *to believe*, that the complainants had granted the defendant a license to use their improvement. (Record pages 5, 6, 7.)

Replication filed February 4th, 1889. (Record page 8.)

The Evidence.

The defendant, to sustain this defense, relies upon the testimony of the complainants, and the evidence bearing thereon is as follows, to-wit:

ALBERT ARENTS (complainant),

Direct Examination.

(Record pages 21, 22, 23.)

Interrogatory 10. State if you at any time gave defendant authority to use your said improvement?

A. I never did except for the time of my employment by the defendant and that without receiving any consideration.

Int. 12. State what payments, if any, defendant has made to you or your co-patentee for the use of said improvement and when made?

A. Defendant never made any payments to me for the use of our improvement at any time.

Int. 13. What demand, if any did you make upon defendant before bringing this suit for an accounting

and payment for the use of said improvement, and what answer thereto, if any, did defendant make?

A. I called upon the Secretary of this defendant Campany at its San Francisco office on several occasions in former years and demanded a settlement, but was always refused. Said secretary was Mr. W. W. Traylor, now deceased several years since. I also wrote to and called upon the present president of defendant a year or more ago demanding a settlement but was again refused.

Int. 15. State if you were ever in the employment of the defendant, and if so, in what capacity, and for what time?

A. I was, from January 1871, to November 1872, as metallurgist in charge of defendant's assay office and smelting works at Eureka, Nevada.

Int. 16. State in what manner and to what extent if at all, while in the employment of defedant, you used any furnace or furnaces of said defendant for the purpose of experimenting thereon with the said improvement, and when?

A. I never experimented with my improvement on any furnace.

Int. 17. State what expense if any, the defendant contributed towards your experiments; and in what manner and when?

A. I received nothing from defendant for such expenses.

Int. 18. State to what extent if at all, the furnace or furnaces of defendant were an assistance to you in perfecting your improvement?

A. None whatever.

Int. 19. State if you applied your improvement to the furnace or furnaces of the defendant, if so when, for what purpose, and to how many furnaces?

A. I did apply my improvement to defendant's furnaces for the purpose of more economical smelting, and to seven furnaces in all, to-wit: to Nos. 3 and 4 in April 1871, to numbers 1, 2 and 5 after June 7th 1871. No. 3 and 4 just mentioned, were torn down afterwards; and re-built on a larger scale, when they were again provided with my improvement which took place after June 7th 1871.

Int. 20. State fully when you invented your improvement and what connection the furnace or furnaces of the defendant had therewith?

A. I invented my improvement several years prior to 1870, spoke of it to friends of mine in White Pine, Nevada, even before this defendant company was organized, but I employed it first on defendant's furnace No. 3 in April 1871.

Int. 21. State when you made your application for the letters patent mentioned in this suit, and if at all, to what extent you had used said improvement on the furnace or furnaces of defendant before said application, and to what extent after said application, if at all.

A. Our application for letters patent was made on April 24th, 1871, shortly after I first employed it on No. 3 furnace of defendant. On that same April 24th I employed my improvement on defendant's furnace No. 4; all the rest of the furnaces received it in course of time thereafter and as more particularly stated in my answer to direct interrogatory No. 19, namely, after June 7th, 1871.

Int. 22. State when you quit the employment of the defendant and to what extent your improvement was used by the defendant at said time and on what furnaces.

A. In November, 1872. My improvement was then used by defendant on five furnaces, namely, on Nos. 1, 2, 3, 4 and 5, all of which had received my improvement after June 7th, 1871.

Int. 23. State what objection, if any, you made to the use by defendant of your improvement, when made, to whom, and what was said, state fully.

A. I objected to its free use on several occasions. I did so first to Captain Lawton in June, 1872, who was then president of the defendant company. I told him upon his starting the subject, that the company might use my improvement as far as I was concerned, free of charge, so long as I remained in the employ of the company, but not after I left said employment. After I had left the service of the company, I called at the office of this defendant company several times demanding payment, but was always refused.

Int. 24. State fully what consent, if any, you gave defendant to use your improvement before your said application, also, if any, after said application; state the conversation fully, with whom had, and when the same took place.

A. I gave no consent whatever at any time in words or writing except to Captain Lawton, in June, 1872, then president of the company, and only conditional, as explained before, namely, that the company might use my improvement free of charge, as far as I was concerned, for the time I remained in the employ of the company, but that the company would have to pay what others paid for the use of my improvement whenever I should not be any more in defendant's employ. However, I received at no time any consideration from the company for the use of my improvement.

Cross-Interrogatories.
(Record pages 24, 25, 26).

Cross-Int. 8. Did you, during that period, perfect the improvement for which said letters patent were issued, and did you, during that period, make any experiments in that direction?

A. I did not; it was perfected before I entered the service of the company; no experiments were necessary.

Cross-Int. 9. Did you use any furnace for the purpose of making any such experiments, and if so, whose furnace or furnaces did you use for that purpose?

A. No experiments were made, no furnace was so used at all.

Cross-Int. 10. Could you make any experiments with your improvement, without using a furnace or furnaces?

A. No experiments were made.

Cross-Int. 11. Did you have your improvement perfected before you entered into the employment of the defendant at said time?

A. Yes.

Cross-Int. 12. When did you first make application for a patent for your said improvement?

A. In April 1871.

Cross-Int. 13. Did you not apply your said improvement in the furnace of the defendant, and were not the furnaces changed under your direction, so that your said improvement could be applied?

A. I applied my improvement on said furnaces, but the furnaces were not changed for that purpose; they remained the same except that our improvement was attached.

Cross-Int. 14. If you say that the furnaces were so changed, had you, at that time, obtained your letters patent?

A. The furnaces were not so changed, but in course of time all the old furnaces were torn down, and larger furnaces were erected in their stead, all under my direction and supervision upon orders from

headquarters, and for the sole purpose of obtaining increased smelting capacity at the works. This increase amounted to 150 tons per day, that is to say, before the change, the capacity of the works was 50 tons per day, and after the change was effected said capacity was 200 tons per day.

Cross-Int. 15. Did you not apply your said improvement between the time of your first employment, and the issuance of said Letters Patent, at and upon the furnaces of this defendant?

A. Yes, upon some of them.

Cross-Int. 16. Was not your improvement in use under your own direction, at the furnace of this defendant at the time that said Letters Patent were issued?

A. Yes, on some of them.

Cross. Int. 17. Did not your employment by the defendant require of you, all your time and attention, in the discharge of your duties during the working hours of the day.

A It did not, for I was Metallurgist or Smelter in charge with no special working hours; my duties were supervisional.

Cross-Int. 18. And did you not use a portion of that time for the purpose of experimenting upon your improvement?

A. I never experimented upon my improvement.

Cross-Int. 19. Was not your co-complainant in consultation with you from time to time, in the matter of perfecting your said improvement?

A. No, for the improvement, although very useful and novel, was and is so very simple.

Cross-Int. 21. Who first used your improvement at the furnaces of the defendant, and who put in that improvement? when was it put in?

A. The defendant first used it during my employment. I put the improvement in myself. The first one was put in on the old number 3 furnace sometime in the forepart of April, 1871. In starting the furnace the frame work overhead of it took fire; we extinguished it with a plentiful use of water, which accidentally ran, to some extent, into the furnace, chilling the lead in the furnace bottom. The furnace was started anew on April 19th with our improvement attached, when it worked successfully without interruption. On April 24th, 1871, we attached our improvement to No. 4 furnace. Nos. 1, 2 and 5 furnaces received our improvement much later, and Nos. 3 and 4 were torn down before I left the employ of the company in 1872, and were rebuilt on a larger scale and provided new with our improvement.

Cross-Int. 23. Did you make any demand upon the defendant for royalty for the use of said improvement from the time you entered their said employment, until within a year or so before the beginning of this suit? If so, upon whom did you make a demand? When and where?

A. I did, verbally, several times in various years, on the secretary of the company, Mr. Traylor, at the

office of the company in San Francisco, Cal., and was refused.

WINFIELD SCOTT KEYES (complainant).

Direct Examination.

(Record pages 29, 30, 31, 32, 33.)

Int. 11. Were you ever in the employ of this company?

A. I was.

Int. 12. At what time, and in what place?

A. I received my letters of instruction on the ground on the 15th day of January 1871. I remained continuously in the employ of the company as its general manager or superintendent, and handed in my resignation to take effect the first of August 1872, but at the request of the president I remained on the ground under pay until the twentieth of August of that year in order to post and instruct my successor, Mr. Ellsworth.

Q. 16. While you were employed by the Eureka Consolidated Mining Company, what was your special duty in reference to smelting, or in reference to their furnaces for smelting?

A. Partly the general supervision of all the business affairs of the company, and the supervision of its technical affairs. I had general charge of the mines and of the furnaces, and especially of the technical direction of the foreman or sub-managers of each depart-

ment. I was the general head representing the company in Nevada.

Q. 24. What was your purpose in applying this improvement to those furnaces?

A. In order to more economically and satisfactorily withdraw the molten metal from the furnace while in operation, and to avoid the trouble, or loss, and the expense accompanied by the danger which was usual and unavoidable by the old method of tapping.

Q. 25. Well, when did you, in conjunction with Mr. Albert Arents, invent this improvement?

A. Strictly speaking, Mr. Arents is the inventor, according to his statements long prior to his coming to Eureka; that is, he made the invention long prior to the time when it was applied there, and my portion of it was an emendation and an alteration which, in a certain sense, was an improvement; and such improvement is now universally adopted. The invention, strictly speaking, belongs to Mr. Arents.

Q. 26. At what time was this improvement, together with the suggestions that you made—at what time was the whole thing invented? That is, when did you apply for letters patent?

A. The device of Mr. Arents was put on furnace number three, which was then known as the old Liebenau furnace. This was put on on the 19th of April, 1871. By incautious firing the building or superstructure caught fire, and in pouring water on it to exting-

uish the flames the water ran down and into the automatic tap and stopped it up. I was in the office when this occurred, and noticing the stoppage—the office is close by the furnace building—I went out to see what was the trouble, and, after learning the facts, I stated to Mr. Arents, "Why don't you drive a bar through that opening connecting the automatic tap with the bottom of the furnace and open it up again?"—the water had congealed the lead—and he said, "The connection has an elbow in it, and you cannot drive a bar through it"; and I remarked to him, "Is it possible a man will put on a connection in that way, so you cannot open it?"; and I said, "Blow the furnace out, and tamp in some more clay, and put in a connection on a right line, instead of with an elbow, so that if it becomes clogged up you may drive a bar through it and poke it out, and clear it." That took a little while to do, and the furnace was re-tapped and then started, and ran from that on without any difficulty.

Q. 32. You made application then for letters patent five days after you applied the improvement to this furnace?

A. Five days after the first putting it on the Leibenau furnace No. 3.

Q. 33. Well, how long was it after the 19th of April before you applied it to the other furnaces of the respondent?

A. We never applied it to the old furnaces, but only to the new and large furnaces which were then in

the process of construction. The first furnace thereafter to which we applied it was on furnace No. 4, which was the next furnace north from the Liebenau furnace No. 3. That was first commenced to be put on on the same day we made application for letters patent, and it was in operation a day, or two or three days, after that, or as soon as the furnace was sufficiently dry. And then, subsequently, they were put on to the new furnaces which were built further to the north as fast as they were constructed. None of them, however, were in operation until after the middle of June. They were in process of building at the time we made application for the patent, but they were not constructed at all; at least they were merely going on building.

Q. 34. Did you ever use any of the furnaces of this respondent for the purpose of experimenting, in order to make this improvement in furnaces?

A. We did not, for it was absolutely unnecessary. It was no more necessary to use the furnaces for experimenting than it would be to bring a cast-iron furnace and set it up in this room. It was an adjunct to a furnace, and it was only necessary that a shaft furnace should exist to apply this to one side of it.

Q. 35. Did the furnace of the respondent in any way aid you in perfecting your machine?

A. In no respect whatever, except that they were shaft furnaces. It could have been applied to any furnace. The furnaces *per se* were of no assistance to us whatever.

Q. 36. While you were employed by the defendant what part of your time was given to experimenting with reference to this improvement?

A. Not an instant. I merely made the suggestion to put that connection in there in a right line, and it did not take me any longer than it does to speak it.

Q. 37. Did the defendant ever contribute anything towards the expense of this experiment?

A. It did not, because none were necessary. In fact, to put on our tap was a distinct economy. The old method required the excavation of a large basin, and the tamping it up so that it could, if necessary, contain all the molten lead in the furnace; whereas, our patented device was a very small structure which did not require as much clay, nor as much labor, nor as much expense as the connecting canal, and the large tap basin necessary for the old method of withdrawing metals from the furnace. It was a distinct economy instead of an expense.

Q. 42. I suppose that while you were employed by the Eureka Consolidated Mining Company you were paid by that Company for your services, were you not?

A. I was. There is another point that I think I should have answered. You asked me if I had ever made any objections to the use of the improvement by the respondent, and I answered that Mr. Arents presided over that department. I would like to add to that, that neither then or at any time have I ever made a demand upon the Eureka Consolidated Mining Company,

or any other company, for the collection of royalty for the use of the patented device. This dunning of people is a matter very disagreeable to me, and not so disagreeable to Mr. Arents, and I have allowed him to do it. Mr. Arents volunteered to do so, and I have allowed him to do so to the amount of many thousands of dollars. He has collected them all.

Cross-Examination.
(Record pages 35, 36).

Cross-Int. 29. You thought it was within your general powers to put it on if you thought it was good?

A. Anything that was good and to the advantage of the company I deemed it my duty to do.

Cross-Int. 30. And in pursuance of this general authority this improvement was put on?

A. In pursuance of that authority I permitted it to be put on.

Note.—Assignment of Errors.

This case coming to this Court on appeal, made prior to July 1st, 1891, counsel deemed it advisable, in making clear wherein the decree of the Court is alleged to be erroneous, to follow the present practice in the Court of Appeals, and put their specification in the form of an Assignment of Errors.

In the Supreme Court of the United States.

Winfield Scott Keyes and Albert Arents,
Appellants.

vs.

The Eureka Consolidated Mining Company,
Appellee.

ASSIGNMENT OF ERRORS.

Afterward before the Honorable Judges of the Supreme Court of the United States, came the said Winfield Scott Keyes and Albert Arents, appellants, by their solicitors, and say that in the record and proceedings aforesaid there is manifest error in this, to-wit:

First. The Circuit Court of the United States for the Northern District of California and the judge of said court erred in dismissing complainants' bill of complaint.

Second. Said Court and Judge erred in finding from the facts, that no *case for equitable jurisdiction is presented.*

Third. Said Court and Judge erred in finding from the facts, that the defendant had an *implied license* to use the invention.

Fourth. Said Court and Judge erred in finding from the facts, that complainant's remedy is an action at law to recover the amount of the royalties accrued.

Fifth. Said Court and Judge erred in finding from the facts, that diversity of citizenship is necessary to give the national Court jurisdiction in patent cases.

Sixth. Said Court and Judge erred in finding from the facts, that this cause is an exception to the general doctrine that an injunction may issue *pendente lite.*

Seventh. The Court and Judge erred in finding that complainants' right to an injunction was defeated by the filing of the bill of complaint twenty-nine days before the expiration of the patent.

Eighth. The Court and Judge erred in finding from the facts that the complainants were guilty of laches.

Ninth. The Court and Judge erred in finding from the facts, that complainants were esstopped from equitably demanding an injunction.

Tenth. The Court and Judge erred in finding, that this action is one for *damages for infringement* and to *enjoin further infringement, only.* (Decree and opinion Record pages, 9, 11, 12, 13.)

ARGUMENT.

Point 1.

Jurisdiction.

This action being for an injunction and an accounting for the infringement of letters patent and commenced before the expiration of the patent, and the defence being an implied license, we think the question of the right of the patentees, to have their rights under the patent determined in a Court of Equity of the United States, is settled in the affirmative, by the decisions of this Honorable Court. Counsel base their position upon the following cases *specially.*

Clark v. Wooster, 119 U. S. p. 322. (Op. by Mr. Justic Bradley.)

Beedle v. Bennett, 122 U. S. p. 71. (Op. by Mr. Justice Mathews.)

Lane & Bodley Co. v. Locke; 150 U. S. p. 194. (Op. by Mr. Justice Shiras.)

In the case first cited this Court say: "But by the "rules of the Court in which the suit was brought only "four days notice of application for an injunction was "required, whether one was applied for does not appear. "But even without that, if the case was one for equit- "able relief when the suit was instituted, the bare fact "that the ground for such relief expired by the expira- "tion of the patent would not *take away the jurisdtction* "and preclude the Court from proceeding to grant the "incidental relief which belong to cases of that sort. "This has been done in patent cases, and a large num-

"ber of cases may be cited to that effect, and there is "nothing in the decision in Root v. Railway Co., 105 "U. S. 189, to the contrary."

Note. By rule 37 of the U. S. Circuit Court for the Northern District of California an application for an injunction must be made upon five days notice to the respondent.

Point 2.

Implied License.

If we understand the decisions of this Court, in McClurg v. Kingsland et al., 1 How. 202; Solomons v. U. S. 137 U. S. 342 and Lane & Bodley Co. v. Locke, 150 U. S. 194, the facts necessary to establish an implied license between an employer and an employed patentee are these, to-wit:

1. The employee must have invented or discovered the machine or patentable article while in the employment of his employer.

2. That the invention or discovery was made through experiments during said employment, at the expense of the employer.

3. That said discovery and experiment and application for letters patent must occur during the employment.

4. The patentee must explicitly assent to the use by the employer.

An examination of the facts, establishes clearly, that the complainant Arents discovered his improve-

ment before entering the employment of the defendant company.

That the patentees made no experiments at the defendant's expense leading to their discovery while in the company's employment.

That the application for letters patent was not for an invention discovered at the expense of the employer during the term of employment.

That there is no explicit consent on the joint part of the patentees to the defendant to use the invention, but only an assent so far as Arents was concerned and limited to the time of his employment.

(Record page 23, Int. 24).

Point 3.

Laches.

When this case was decided by the Circuit Judge, the Court and counsel did not have before them the decision of this Court in Lane & Bodley Co. v. Locke to guide them, in determining whether under the facts the complainants were guilty of laches. In the case referred to this Court found Locke was guilty of laches because he remained twelve years in Lane & Bodley's employ, acquiesced during this period in their use of his improvement and "*preferred for prudential reasons* to *receive a salary rather than demand* a royalty." The corresponding facts in the case at bar are:

Arents entered the employment of defendant in January, 1871 and quit in November, 1872; Keyes on

the 15th of January, 1871, and quit in August, 1872, (Record pages 22, 29). Arents made several demands on the defendant after November, 1872, to settle (Record pages 22, 26). The patentees were engaged in litigation in determining the validity of their patent from 1873 until July, 1888, (Record pages 45, 46, 47, 48).

Acquiescence is not imputed to a patentee when *the infringer was warned to infringe no more*, and where the patentee is engaged in other suits to *determine his rights under the patent. After notice of a superior right a party proceeds at his peril*, and in patent cases, after notice, use is an act of piracy.

Walker on Patents; section 596.

Seibert Cylinder Oil Cup Co. v. Michigan Lubricator Co., 34 Fed., 36.

Green v. French, 4 B. & A. patent cases, 171.

Am., Middlings Purifier Co. v. Christian, et. al., 4 Dillons, C. C. 448.

As all the conclusions of the trial Court were reached under the propositions covered by the foregoing points, we do not think it necessary to call the Court's attention to all the errors assigned, in detail.

ROBT. E. FOOT,
JOHN FLOURNOY,
Of Counsel for Appellants.

158-150

158-150

Office Supreme Court, U. S.
FILED.
JAN 26 1895
JAMES H. McKENNEY,
CLERK.

IN THE SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1894.

No. 228.

WINFIELD SCOTT KEYES ET AL.,
Appellants,

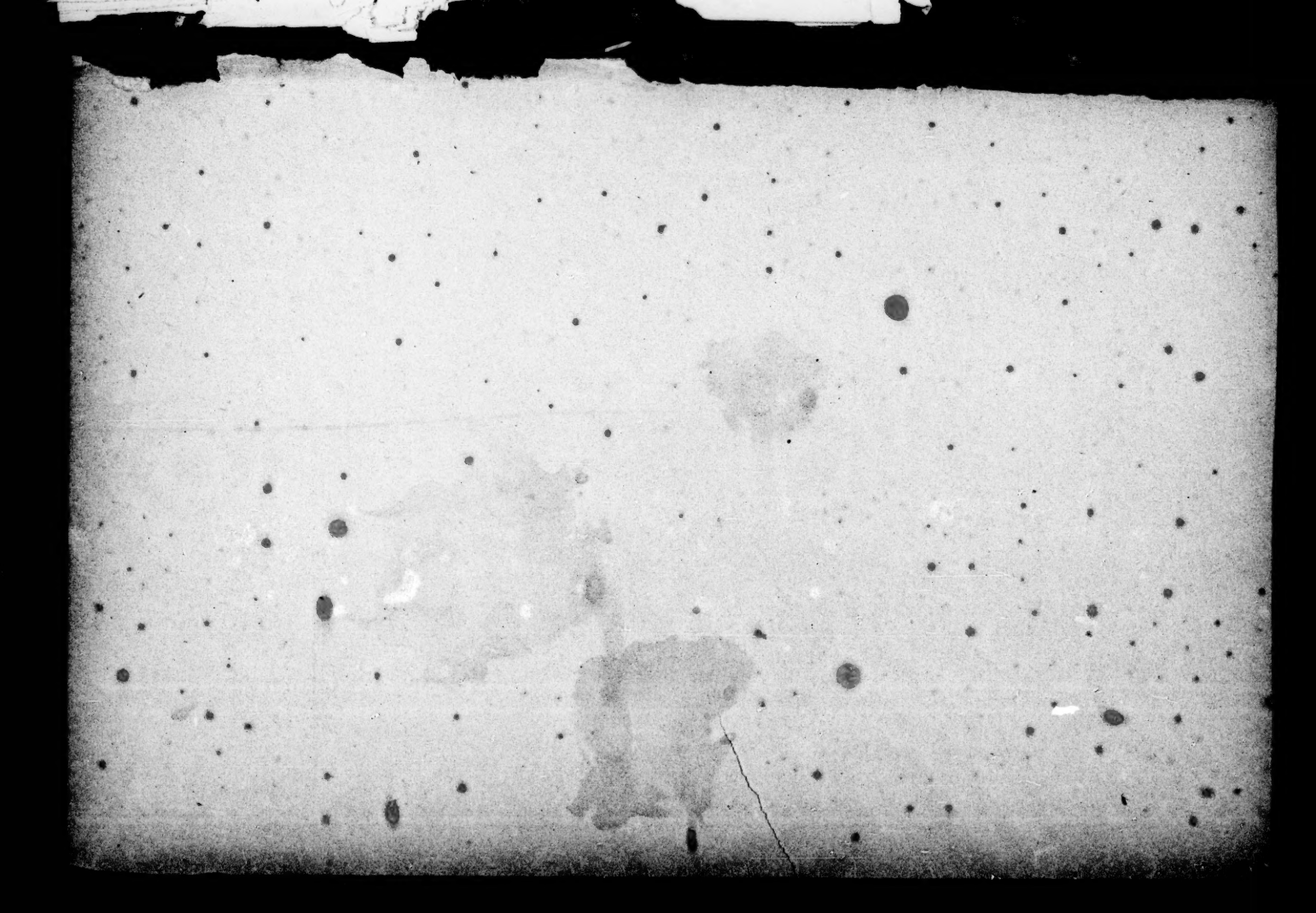
VS.

THE EUREKA CONSOLIDATED MINING COMPANY,
Appellee.

BRIEF ON BEHALF OF APPELLEE.

J. H. MILLER,
M. M. ESTEE and
D. FRIEDENRICH,
For Appellee.

Geo. Spaulding & Co., Prs., 414 Clay St., San Francisco.



IN THE SUPREME COURT

OF THE

UNITED STATES,

OCTOBER TERM, 1894. No. 228.

WINFIELD SCOTT KEYES ET AL.,
Appellants,
vs.
THE EUREKA CONSOLIDATED MINING CO.,
Appellee.

APPELLEE'S BRIEF.

This is an appeal from a final decree rendered by the Circuit Court for the Northern District of California in a suit in equity brought by appellants against appellee to recover in the usual form for infringement of a patent. The decree was rendered prior to July 1, 1891. Hence the appeal to this court instead of to the Circuit Court of Appeals.

No question is made as to the validity or construction of the patent. Indeed the patent does not appear in the record at all. It may be stated

generally, however, that the invention consists of a process or method of withdrawing molten lead from a smelting furnace. The patent is No. 121,385, dated November 28, 1871, and was issued to the appellants as joint inventors.

The bill was filed on October 29, 1888, *just twenty-nine days before the patent expired.* The prayer is in the usual form for an injunction, both provisional and perpetual, and for the usual accounting of damages and profits. The subpœna *ad respondendum* was issued on October 29, 1888, and commands the appellee to appear on the 3d day of December, 1888, to answer the bill (Record, 4).

No motion was made for a provisional injunction.

Appellee appeared and filed its answer to the bill on January 7, 1889 (Record, 5–8).

Replication was filed on February 4, 1889 (Record, 8).

A decree was rendered on January 26, 1891, dismissing the bill (Record, 9), from which this appeal was taken on May 22, 1891 (Record, 50).

The defenses urged in the lower court were:

1. That the Circuit Court had no jurisdiction of the case, because no federal question was involved and there was no diversity of citizenship of the parties.

2. That, even if there was a federal question involved, the Circuit Court, as a court of equity, had no jurisdiction of the case, because the complainants had a plain, adequate and complete remedy at law.

The learned judge, then presiding in the Circuit Court (the late Lorenzo Sawyer), held both points well taken, and accordingly dismissed the bill.

His opinion will be found reported in 45 Fed. Rep., 199. We have added the same to this brief as an appendix, as it is perhaps the strongest argument that can be made in support of the decree.

Argument.

I.

UNDER THE FACTS DISCLOSED BY THE PROOFS THE CIRCUIT COURT HAD NO JURISDICTION OF THE CASE, BECAUSE NO FEDERAL QUESTION WAS INVOLVED, IN THAT THE APPELLEE HAD A LICENSE TO USE THE INVENTION, AND THE APPELLANTS' REMEDY, IF ANY EXISTED, WAS AN ACTION AT LAW TO RECOVER THE LICENSE FEE IN THE STATE COURTS.

Of course it will be conceded by appellants, that, if such license did exist, then the federal courts have no jurisdiction of the controversy. We take it that the following proposition is settled beyond cavil, viz.:

In suits for infringement of a patent, where the validity of such patent may be put in issue and the special defenses authorized under the provisions of section 4920 of the revised statutes may be set up, the federal courts have exclusive jurisdiction; *but in suits where infringement is charged in the bill, and the defendant admits the validity of the patent and its use by himself, but shows the existence of a license to so use it, in such cases the federal courts have no jurisdiction, if the parties are citizens of the same state.*

In other words, the existence of a license is a complete answer to a charge of infringement. A licensee is not an infringer. In all such cases the rights of the parties are regulated by the usual and ordinary rules of common law and equity, just as in any other controversy, and the federal courts have no jurisdiction thereof as cases arising under the patent laws. Resort must be had to the state courts.

Wilson vs. *Sanford*, 10 How., 99.
U. S. vs. *Burns*, 12 Wall., 246.
Hartell vs. *Tilghmann*, 99 U. S., 547.
Albright vs. *Teas*, 106 *Id.*, 613.
Dale vs. *Hyatt*, 125 *Id.*, 46.
Felix vs. *Schwarzwebber*, 125 *Id.*, 24.
U. S. vs. *Palmer*, 128 *Id.*, 269.
Solomans vs. *U. S.*, 137 *Id.*, 342.

Marsh vs. *Nichols*, 140 *Id.*, 344.
White vs. *Rankin*, 144 *Id.*, 639.
McKeever vs. *United States*, 14 Ct. Cl., 396.
Morse vs. *United States*, 16 Ct. Cl., 296.
Solomans vs. *United States*, 21 Ct. Cl., 479.
White vs. *Lee*, 5 Ban. & Ard., 572.
Keeley vs. *Porter*, 17 Fed. Rep., 519.
Hamonacher vs. *Wilson*, 26 *Id.*, 239.
Consolidated M. P. Co. vs. *Wolf*, 28 *Id.*, 815.
McCarty vs. *Glaenzer*, 30 *Id.*, 387.
Dinsmore vs. *Tonite Co.*, 32 *Id.*, 544.
Seibert vs. *Detroit*, 34 *Id.*, 220.
Washburn vs. *Cincinnati Co.*, 42 *Id.*, 679.

The case of *Hartell* vs. *Tilghmann* (99 U. S., 547) is the leading case, and is directly in point. That was a suit in equity in the usual form for the infringement of a patent. The defendant admitted the validity of the patent and set up a license in justification of his use of the invention. It appeared in evidence that there was a verbal agreement between the parties that the patentee should introduce the invention into the machinery of defendant, and after that was done, the defendant was to take a written license *on the same terms as that given to all other persons who used the invention*. After the machinery was finished and the invention had been used for some time by the defend-

ant, the patentee tendered to defendant a blank form of license for his signature. They disagreed as to certain conditions contained in this blank form, and for that reason defendant refused to sign the papers. Thereupon the complainant forbade the defendant to use the invention, and on his disregarding the admonition, brought suit in equity for an injunction.

[Our case is even stronger, because the patentees here never forbade the appellee to use the invention, never commanded them to cease using it; but on the contrary allowed the company to continue its use for seventeen years in the expectation of receiving pay for such use at the same rates paid by others.]

On such facts this court held that there was no federal question involved in the case, and as the parties were all citizens of the same state, that the Circuit Court had no jurisdiction.

Mr. Justice Miller, in rendering the opinion of the Court, reviewed all the principal prior cases on the subject, and ended by saying:

"Such a case is not cognizable in a court of the United States by reason of its subject-matter, and as the parties could not sustain such a suit in the Circuit Court by reason of citizenship, this bill should have been dismissed."

Among the cases cited by Mr. Justice Miller was *Wilson* vs. *Sanford* (10 How., 101), where the decision was rendered by Chief Justice Taney.

There the owner of the patent had licensed the defendant to use the invention upon payment of a certain fixed sum, of which a part was paid down and notes were given for the balance, with a proviso that on default in payment of any one of the notes, all rights under the license should cease, and the license be terminated. Upon failure to pay the first note, the owner of the patent brought suit in equity for infringement.

It was held that the case presented no federal question and that the Circuit Court had no jurisdiction. Said Mr. Justice Taney:

"Now the dispute in this case does not arise under any act of Congress, nor does the decision depend upon the construction of any law in relation to patents. It arises out of the contract stated in the bill and there is no act of Congress providing for or regulating contracts of this kind. The rights of the parties depend altogether upon common law and equity principles."

Another case equally in point is *Blanchard* vs. *Sprague* (1 Cliff., 297) decided by Mr. Justice Clifford in 1859, where upon a similar state of facts, he said:

"No dispute arises in the case under any act of Congress, nor does the decision depend in any respect on any law of Congress in relation to patents. On the contrary it arises entirely out of the agreement, express or implied, for a license, and the rights of the parties depend altogether upon the ordinary rules of law."

This precise question was under consideration in *Kelly* vs. *Porter* (17 Fed. Rep., 519) where it was said:

"The defendants do not dispute the validity of the patent, and do not deny that they have manufactured goods of the character

described in the patent. It is simply a question then of a cause of action arising upon the license. The only thing that can be recovered from the defendants is the royalty agreed upon. * * * * Being simply a suit on the license—on the contract between the parties—there is no question here arising under the patent law, and there is no jurisdiction in this court to entertain such a suit on the ground of the subject-matter, and no other ground of jurisdiction is shown. There is no jurisdictional fact, such as might arise from the character of the parties to bring the case within the jurisdiction of this court."

And the syllabus of the case says:

"A party manufacturing and selling a patented article in pursuance of the terms of a license from the patentee, cannot be held liable as an infringer. The only remedy of a patentee against a party manufacturing under a license is upon the contract granting the license for the royalty agreed upon. An action by a patentee against his licensee for the stipulated royalty presents no question of patent law, and no subject-matter which can give the national courts jurisdiction on that ground."

Such being the law, it remains only to determine if the appellee succeeded in showing the existence of a license in its favor in the case at bar. That the appellee did succeed in so doing admits not of a doubt, for the fact was established by the testimony of the two appellants themselves. That testimony shows that the patent was issued to them as joint inventors and that they were joint owners thereof; that the appellee owned and operated smelting works at its mine in Eureka, Nevada; that the appellants were both employed by appellee, one as superintendent and the other as assayer of ores and director of furnaces, under regular salaries; that while so employed, they voluntarily and of their own accord and in the line of their duties,

applied the patented invention to the appellee's furnaces and allowed such use to continue until this suit was commenced. The only dispute which ever arose was in reference to payment of the royalty or license fee.

Appellant Arents testified that he entered appellee's employment as metallurgist in charge of the assay office and smelting works in January, 1871, and so remained until November, 1872, when he left (Record, p. 22, ans. to q. 15); that while in such employment it was a part of his duty "to see that all assays were properly and correctly made and the smelting furnaces properly operated" (Record, 24, ans. to q. 6); that during his employment he and his co-patentee voluntarily and of their own accord applied the invention to appellee's furnaces (Record, 25, ans. to ques. 13, 14, 15; *Id.* p. 26, ans. to ques. 21, 22); that such use of the invention continued up to the expiration of the patent (Record, 21, ans. to q. 9).

By interrogatory 24 (Record 6), put by his own counsel, Arents was asked to state fully what consent he ever gave the appellee to use the invention. In answer thereto he said:

"I gave no consent whatever at any time in words or writing, except to Captain Lawton in June, 1872, then President of the company, and only conditioned as before explained, viz.: that the company might use my improvement, free of charge as far as I was concerned, for the time I remained in the employ of the company; that the company would have to pay what others paid for the use

of my improvement whenever I should not be any more in defendant's employ."

Arents further testified, in answer to 23d cross-interrogatory (Record, 26) that he several times demanded payment of the *royalty* from appellee; and, in answer to 13th interrogatory (Record, 22), that he demanded a *settlement for the use of the invention* from the secretary and president; and, in answer to the 10th interrogatory (Record, 21-2), that he and his co-patentee had a fixed established royalty for the use of the invention, viz.: $250 per furnace per annum up to 1882, and $500 per furnace per annum thereafter.

In answer to 23d interrogatory (Record, 23), Arents testified (in substance) that the only objection he ever made to the use of the invention by the appellee was an objection to its *free use*, stating that he informed them that they might use it free of charge so long as he was in their employ, but that after he left their employ they must pay the same royalty as others.

NOTE. It is to be observed that Arents nowhere testifies that he ever notified the appellee to *cease using the invention*. His sole complaint was that the usual royalty had not been paid, and he apparently admits, certainly by inference, that the appellee had a right to use the invention on payment of said royalty. Indeed the bill of

complaint does not allege an unlawful use, but alleges merely that the appellee *has used the invention*, but refuses to pay for such use (Record, 3).

Appellant Keyes (the other patentee) testified that he was superintendent of appellee's mine and smelting works from January 15, 1871, to August 20, 1872, having charge also of the furnaces (Record, 29); that he and his co-patentee Arents voluntarily and of their own accord applied the invention to the appellee's furnaces, sooner or later to all of them, while they were in the employ of appellee (Record, 30); that he did so in pursuance of his general authority as superintendent and manager of appellee's furnaces and the same was in the line of his duty (Record, 35); that he never made any objection to the use of the invention by the appellee, nor did he ever at any time demand royalty for such use (Record, 33); that when he left appellee's employ he left the invention in use on all the furnaces, did not attempt to remove it, made no objection to its continued use, did not forbid its future use, and never has personally made any claim against the appellee (Record, 36).

The only conclusion which can be drawn from the foregoing testimony is that the use of the invention by appellee was lawful and authorized, not unlawful or unauthorized. That is to say, ap-

pellee had a license to use the invention. If that be true, then no federal question is involved in the controversy, and the bill was properly dismissed. A license may be either express or implied, and on the evidence in this case we say:

1. The appellee had an *express* license to use the invention free of charge so long as Arents remained in its employ, and to continue its use after he left its employ on payment of the same royalty paid by other users.

2. If the Court should hold that there was no *express* license, then there was clearly an *implied* license to use the invention on payment of the usual royalty.

There is no question that the appellee had an express license to use the invention free of charge while Arents was in its employ, that is to say: up to November, 1872. Arents himself so testifies. He says (at the bottom of page 23 of the Record) that he consented "that the company might use my improvement free of charge, so far as I was concerned, for the time I remained in the employ of the company."

It is equally clear that the appellee had an express license to use the invention after Arents left its employ in 1872, on payment of the same royalty paid by others. Arents likewise testifies to

that fact, for at the bottom of page 23 of the Record, he says:

"That the company would have to pay what others paid for the use of my improvement whenever I should not be any more in defendant's employ."

It is perfectly apparent that the use of the invention was by the express consent of the two patentees during the entire life of the patent. Hence this is simply a question where a patentee has licensed another to use the invention and the whole question is one of payment of royalty, the amount of which is fixed by the patentees themselves.

On pages 21 and 22 of the Record, Arents was asked this question:

"Interrogatory 11. State on what terms you and your co-patentee permitted others to use your said improvement, when you fixed upon said terms, what changes you made if any in said terms, when you made them and what notice, if any, defendant had of such change."

To which he answered as follows:

"We charged $250 per furnace per annum in advance each year up to 1882, when we increased those charges to $500 per furnace per annum in advance."

And on cross-examination it was made to appear that he had charged and collected royalties from various other persons and companies at the rates given (Record, 27).

It further appears from the testimony of both appellants, that the appellee used the invention in question on a definite number of furnaces, to wit:

on seven, for a definite number of years, to wit 17, during the entire life of the patent.

Hence the matter of the computation of royalties is simply a question of arithmetic. It can be figured out to a fraction.

It will be observed that the foregoing is based entirely upon the testimony of the appellants themselves. It amounts simply to this—*the patentees gave appellee an express license to use the invention without payment of any royalty for a portion of the time, and upon the payment of a certain definite fixed royalty for the remainder of the time.*

But, if the Court should hold that the evidence is not sufficient to establish the existence of an *express* license, then we contend that beyond all question it is sufficient to establish the existence of an *implied* license.

The patentees introduced the invention into appellee's furnaces of their own accord, while they were in appellee's employ and receiving salaries for their services. The appellee does not appear to have been consulted in the matter at all, but the introduction of the invention was purely gratuitous and voluntary on the part of appellants, and apparently in the line of their duty to use the best devices obtainable. They allowed the invention to remain in use by appellee during the entire life of the patent—seventeen years. They never

at any time objected to such use or notified appellee to cease such use. They never treated appellee as an infringer. On the contrary they always treated it as a licensee and demanded payment of *royalties* (*i. e.*, license fees). The only dispute which ever existed between appellants and appellee in the matter related to payment of the license fees, appellants contending that payment must be made on the same terms as other licensees, and appellee contending that it was a free license. No dispute as to the existence of a license ever arose. The dispute was as to the payment of royalties under an admitted license.

A brief reference to some of the adjudicated cases will show that the foregoing facts created an implied license in favor of appellee.

The case of *McKeever* vs. *United States* (14 Ct. Cl. 396, S. C. 23, O. G. 1527) was a case in the Court of Claims based on the following facts:

The Secretary of War of the United States appointed a committee of army officers to select new designs for infantry accoutrements for the U. S. army. Said committee met at Fort Leavenworth and considered the designs of various persons. Among them was one McKeever, the inventor of a cartridge-box, for which he held a patent. He submitted plans of his invention to the committee, who selected it as the best and recommended its

adoption. The Secretary of War, with the advice of the general of the army, approved the recommendation, and without further communication with the patentee proceeded to have manufactured and supplied to the army a large number of the patented cartridge-boxes. No agreement whatever was made as to the amount of a license fee. The patentee simply offered to allow the government to use the invention and the government accepted the offer and used it. [N. B.—Our case is stronger, because the patentees themselves voluntarily and of their own accord introduced their invention into the appellee's furnaces while they were employed by the appellee.] On the above facts it was held that there was an implied license, and the Court (through Nott, J.) said:

"If they (the government authorities) proceeded, and he (the patentee) allowed them to proceed, without the formality of an express license or the precaution of an express consideration, the omission did not change the character of the transaction, for the law supplies by implication a price in giving what the license was reasonably worth."

It was accordingly held that there was an implid contract for the use of the invention, over which the circuit courts of the United States had no jurisdiction, that is to say, there was no infringement of the patent, but a lawful use of the invention, for which the law implied a promise to pay. Of course the court of claims has no jurisdiction in cases of torts. Hence that court can-

not entertain an infringement suit. Its jurisdiction is limited to actions on contracts, express or implied, and in deciding the case cited, it decided that the facts stated did not disclose a case of infringement. The patentee's remedy lay solely on the implied contract or license.

This case was affirmed on appeal by this Court on November 20, 1882, but no written opinion was delivered; see 14 Bro. Am. & Eng. Pat. Cases, 414.

Identically the same question, however, was decided by this Court in the case of *U. S.* vs. *Palmer* (128 U. S., 269), where a very able opinion was rendered by Mr. Justice Bradley.

It was also further considered by the Court of Claims in *Morse Arms Co.* vs. *United States* (16 Ct. Cl., 296).

In *Mgoun* vs. *New England Glass Co.* (3 Ban. & Ard., 114), the patentee was in the employ of defendant and the infringing articles were constructed under his direction, and by his consent were put into the defendant's factory, and there used under his direction before the application for the patent and after the grant thereof. Held, that such facts constituted an implied license to use the invention.

And so likewise in *Deane* vs. *Dodge* (27 N. W. Rep., 917), decided by the Supreme Court of

Minnesota, where it appeared that the patentee was a director of a corporation which had used the invention without any objection from the patentee and without any express contract for compensation, the Court held that such facts constituted an implied license, and assumpsit would lie in the State courts for a reasonable compensation.

Barry vs. *Crane Bros. Mfg. Co.*, (22 Fed. Rep., 396) is another case in point. There the invention was for an "improvement in compound tools for reaming and squaring pipes." The suit was in equity for an infringement, and one of the defenses set up was an implied license to use the invention. It appeared from the proofs that for some time before obtaining his patent, the patentee was in the employ of defendant as foreman of their foundry, and while in such employment introduced the invention into the defendant's foundry, without any express agreement for compensation. Said Judge Blodgett in deciding the case:

"I am therefore of the opinion that, by introducing those tools into use in the defendant's business, complainant has licensed or consented to the use of those tools by the defendant, not only for the time that he was in their employ, but so long as the tools shall last. *It can hardly be possible that an employee, himself the owner of a patent, can introduce his patented device into his employer's business without his employer's consent, and without a special agreement to pay him, and afterwards turn around and demand royalties or profits and damages from his employer for the use of such device*, especially in a case like this, where the invention, if there be an invention in this tool, has been developed and brought to a practical condition at the expense of his employer."

How can any two cases be more similar? In the one at bar both patentees were in charge of defendant's works, one as superintendent and the other as assayer; they had full charge and control; it was their duty to adopt and use the best and most approved devices; they were both paid salaries for so doing; the invention in question was "developed and brought to a practical condition" while they were in such employ and at defendant's expense; defendant paid for the furnaces and the application of the invention thereto; the patentees voluntarily and of their own accord and in the direct discharge of their duties *and without the knowledge or consent of the appellee*, introduced the invention into appellee's furnaces and caused it to be so used, without any express agreement as to compensation; further, after leaving the appellee's employment they allowed its use to be continued *until twenty-nine days before the expiration of the patent without notifying defendant to cease using it.* Under such statement of facts, we insist that the appellants thereby licensed appellee to use the invention; that such use was an authorized and lawful use; that it was not an infringement.

Appellants, in their brief, seek to avoid the effect of this reasoning by a most technical line of argument. They assert that the following facts are

necessary to establish an implied license between an employer and employee, viz.:

"1. The employee must have invented or discovered the machine or patentable article while in the employment of his employee.

2. That the invention or discovery was made through experiments during said employment at the expense of the employer.

3. That said discovery and experiment and application for letters patent must occur during the employment.

4. The patentee must explicitly assent to the use by the employer."

See Appellants' Brief, p. 21.

We cannot assent to these propositions, for they are neither founded in reason nor supported by authority. We take them up *seriatim*.

1. It is *not* necessary that the invention should have been made by the employee "while in the employment of his employer." The *time* at which the invention was made is immaterial. The material inquiry is whether the acts and conduct of the employee are such as to create a consent from him for the use of the invention. The invention may have been made and the patent issued years before, but if the employee voluntarily introduces it into his employer's business, such conduct certainly amounts to a consent that it may be so used. There is no reason whatever for holding that in such case the use is *unauthorized, unlawful*—that is to say, an infringement. A license is merely a consent to the use of the invention. It may be if the invention is made by the employee and introduced by him into his employer's busi-

ness while he is so employed, that fact may strengthen the presumption of a license; but it is also true that a license may arise even though the invention had been made prior to the date of employment.

If my horse is unable to draw his load, and my driver voluntarily and of his own accord harnesses up a horse of his own, which he has owned for years, and with him continues the journey, undoubtedly that implies a consent to my use of the driver's horse. It may be that I will in law have to pay for such use, but such use is none the less lawful and authorized. It is a license, and the only remedy the driver has, if any, is to demand payment for the use of his horse—that is to say, a *license fee*. It would be a perversion of reason to say that he could sue me for trespass—that is to say, *an infringement of his property rights*. It would be on a par with the conduct of a ship's captain in throwing a life-preserver to a man overboard and then berating him for using it in saving his life.

The cases we have heretofore cited sustain these views, viz.: *McKeever* vs. *United States*, 14 Brodix, 414; *United States* vs. *Palmer*, 128 U. S., 269; *Morse Arms Co.* vs. *United States*, 16 Ct. Cl., 296; *Magown* vs. *New England Glass Co.*, 4 Ban. &

Ard., 114; *Deane* vs. *Dodge*, 27 N. W. Rep., 917; *Barry* vs. *Crane*, 22 Fed. Rep., 396.

But further: As matter of fact the invention was made while the patentees were in the employ of appellee. The invention is the *joint invention* of both Keyes and Arents. The patent was issued to them as *joint inventors*. These are admitted facts.

In answer to question 26, at pages 30 and 31 of the Record, Keyes states specifically what part of the invention he made, and it appears therefrom that it was a material and substantial part thereof. *That was on April* 19, 1871, *while the two inventors were in the employ of the appellee.* Record, p. 30.

Appellants' counsel assert that Arents alone made the invention before entering the employment of the appellee (Brief, 21–2). In other words, the contention is that Arents was the *sole* inventor, although in the application for the patent Arents and Keyes swore that they were the *joint* inventors, and the patent was issued to them as joint inventors.

If that be true, then the patent is absolutely void, because it is well settled that a patent issued to two persons as *joint* inventors for a device which is the *sole* invention of one of them, is void.

This rule is so elementary that we refrain from citing authorities.

2. The second proposition, viz.: that the invention was made *through experiments during the employment at the expense of the employer* is so palpably unsound that it is scarcely worthy of comment. If it is not necessary that the invention should have been made at all during the employment, it is clear that it is not necessary that it should have been made *through experiments at the expense of the employer* during said employment.

3. The only new feature in appellants' third proposition is that the *application for the patent must occur during the employment.* While this is unfounded in *law*, still it is a *fact* that the patentees did file their application for the patent while in the employ of appellee.

4. The fourth proposition of appellants is that, "the patentee must explicitly assent to the use of the invention by the employer."

If by this is meant an *express* consent, counsel is in error, because an *implied* consent is sufficient to create a contract, and we are now discussing the question of *implied* license.

We gather counsel's meaning, however, to be that there was no *joint* consent of the two patentees, for on page 22 of the brief it is said:

"That there is no explicit consent *on the joint part of the pat-*

entees to the defendant to use the invention, but only an assent so far as Arents was concerned and limited to the time of his employment."

Here again counsel's law is weak. In the case of joint patentees *one* of them may grant a license. They are in a manner joint-tenants, each seized *per mi et per tout* and not of individual separate interests. Hence either one may grant a license.

The law is thus stated by Mr. Robinson in Vol. II of his work on Patents, at § 815:

"A license issued by one joint owner is valid by estoppel against the other owners, though contrary to their will, whatever remedy they have under the present patent law being in an account for their share of the license fee from the licensor."

And the learned author cites in support of the statement the following:

Washburn & Moen M. Co. vs. *Chicago Galvanized Wire Fence Co.*, 109 Ill., 71.
Curran vs. *Burdsall*, 20 Fed. R., 835.
Dunham vs. *Indianapolis R. R. Co.*, 2 B. and A., 327.
De Witt vs. *Elmira, etc.*, 66 N. Y., 459.
Clum vs. *Brewer*, 2 Curtis, 506.

But further, under this head the learned counsel have gone astray somewhat on the facts. They assert that an assent was given only so far as Arents was concerned, *and limited to the time of his employment.*

The facts are, however, that Arents consented to the use *free of charge* so long as he was em-

ployed, and to the use after his employment *upon payment of the same royalties paid by others.* He so testifies in answer to interrogatory 24, on page 23 of Record. And, in answer to interrogatory 23 on same page, it appears that after he left appellee's employ, he objected on several occasions to the *free use* of the invention. He did not object to its use, but only to its *free use.* What he wanted was his *royalties*, and those he demanded, thereby admitting the existence of a *license*, because royalties are compensation for an authorized lawful use of an invention.

Ans. to ques. 22, p. 26 Record.

Now so far as the other patentee (Keyes) is concerned, it is beyond all question true that he consented, certainly by implication, to the appellee's use of the invention.

He was superintendent in charge of the furnaces. As such he applied the invention to said furnaces. This use was allowed to continue during the entire life of the patent. He never at any time made any objection to such use, never made any demand of payment for such use. Clearly this amounted to an implied license.

Said the learned Judge of the lower Court, in deciding the case:

"I am also of opinion under the undisputed facts disclosed that there was an implied license, at least, to use this patent by the de-

fendant upon the same terms of royalties fixed for other parties from the time the complainants left the employment of respondent, and that the use of it in the manner shown and so long acquiesced in is not an infringement in the proper sense of that term; the remedy of complainants, therefore, is an action at law to recover the royalties accrued for the use, in pursuance of such implied license. This being so, and no diversity of citizenship of the parties appearing, no element of jurisdiction in the national courts is shown, and on that ground also the bill must be dismissed."

(Record, 13-14.)

We submit that this conclusion was correct.

To recapitulate the argument under this point, we say:

1. *An infringement is an unauthorized use of a patented invention, a use had without the consent of the patentee.*

2. *An authorized use, a use had with the consent of the patentee, can never be an infringement.*

3. *In such case, it matters not whether the royalties have been paid or not, so far as the question of jurisdiction is concerned.*

4. *In such case the state courts alone have jurisdiction, and the federal courts have no jurisdiction.*

5. *The proofs here show that the appellee was not an infringer; that the invention was used by and with the license and consent of the patentees.*

6. *Hence the federal courts are without jurisdiction, because this is a suit for infringement and not for the recovery of royalties.*

II.

BUT CONCEDING FOR ARGUMENT'S SAKE THAT THERE WAS NO LICENSE SHOWN, STILL THE CIRCUIT COURT AS A COURT OF EQUITY HAD NO JURISDICTION BECAUSE APPELLANTS HAD A PLAIN, ADEQUATE, AND COMPLETE REMEDY AT LAW.

It must be conceded that ever since the decision of this court in *Root* vs. *The Railway Co.* (105 U. S., 216), it is settled beyond all controversy that the jurisdiction of equity in patent cases is predicated on the *right to an injunction*, which said injunction is grantable only "according to the course and principles of courts of equity." (See § 4921, R. S.) It is true that the patent act provides (§ 4920, R. S.), that a court of equity may decree an accounting of profits and damages; but such relief is purely ancillary to the right to an injunction, and is allowed for the purpose of avoiding a multiplicity of suits, under the well recognized rule that, where a court of equity has acquired jurisdiction over some portion or feature of a controversy, it may proceed to hear and determine the whole issues and award complete relief, although some of the rights of the parties are strictly legal and the final remedy granted is of the kind that might be conferred by a court of law (*Oelrich* vs. *Spain*, 15 Wall., 211).

See also on this point the remarks of Lord Hardwicke in *Jesus College* vs. *Bloom* (3 Atk., 262), and those of Chief Justice Kent in *Armstrong* vs. *Gilchrist* (2 John Cas., 430).

Such being the case the true and only ground for the jurisdiction of equity in patent cases, as a general proposition, is the patentee's *right to an injunction*, and where that right is wanting, the jurisdiction fails. In such event resort must be had to a court of law.

In the case at bar the prayer of the bill is for an injunction, both provisional and perpetual, and an accounting of profits and damages. If there be no jurisdiction for the injunction, there will be none for the accounting, and the suit will therefore fail, under the decision in *Root* vs. *The Railway Co.*

There can be no question that the complainants are not entitled to a *final* injunction, because the patent expired long before the case came to trial, and no injunction can be issued on an expired patent. We therefore dismiss from consideration all question as to a final injunction, and limit our inquiry to complainants' right to a *provisional* injunction.

The patent in suit was dated November 28, 1871. It expired by operation of law on November 27, 1888. The bill of complaint was filed on October

29, 1888. Hence, when the suit was commenced, the patent had only 29 days to run. If appellants were entitled to any injunction at all, it could under no circumstances have covered any other period of time than the *twenty-nine days mentioned*. Were the appellants entitled to such injunction? If not, then the lower Court, as a court of equity, had no jurisdiction, and the suit was properly dismissed.

The material facts of the case as disclosed by the proofs are:

1. That the appellants were the original and first inventors of the improvement patented.

2. That after due application the patent was issued on November 28, 1871.

3. That the appellants are still the owners and holders thereof.

4. That in April, 1880, the validity of said patent was sustained by the lower court in an action at law brought for an infringement thereof by these appellants against Zeile and others.

5. That in July, 1888, its validity was again sustained by the Circuit Court for the District of Colorado in a suit in equity brought thereon by these appellants against the Pueblo Smelting and Refinery Co.

6. That the appellee herein has been using the invention in its smelting works at Eureka,

Nevada; from April 19, 1871, to the day of the expiration of the patent on November 28, 1888, being a period of *seventeen years and seven months.*

7. That the invention was introduced into the furnaces of appellee by the patentees themselves, voluntarily and of their own accord, one of whom was the superintendent and the other the assayer and metallurgist, in the employ of appellee, and receiving salaries for their services.

8. That the invention was so introduced into one, and possibly two, of said furnaces before the application for the patent, and into the others after the application and before the patentees left the employment of appellee.

9. That appellee Keyes never at any time demanded compensation for use of the invention from appellee, nor did he at any time object to or notify them to discontinue its use, nor ever threaten them with suit.

10. That appellant Arents notified the president of appellee that the company might use the invention *free of royalty* as long as he remained in their employ, but that after he quit their employ, *they must pay him the same royalty as was paid by other users.*

11. That Arents quit the employ of appellee in November, 1872.

12. That Arents several times demanded pay-

ment of *royalties* for the use of the invention, but *never notified the company to cease using* it.

13. That the usual, fixed and established royalty for use of the invention was $250 per annum for each furnace up to 1882 and $500 per annum after 1882, and the appellant had used the invention on seven furnaces for seventeen years.

On these facts we assert that no court would ever have granted a preliminary injunction. To have done so would be contrary to a course of practice in patent cases, which, so far as we are aware, has obtained ever since the inception of our patent law.

A.

In the first place appellants, by their own showing, were guilty of such laches as to disentitle them to a preliminary injunction.

That laches is a good defense to an application for a preliminary injunction is an elementary principle. It is but an application of the maxim *vigilantibus non dormientibus aequitas subvenit.* Equity abhors a stale demand and will never enforce it, except perhaps in cases of express trusts. As was said by one of the greatest of English chancellors (Lord Camden) in a very early case:

> "A court of equity, which is never active in relief against conscience or public convenience, has always refused its aid to stale demands, where the party has slept upon his rights and acquiesced for a great length of time. Nothing can call forth this court into activity but conscience, good faith, and reasonable diligence."
>
> *Smith* vs. *Clay* (3 Bro. Ch., 638).

This rule is especially applicable to motions for injunctions in patent cases, and is settled beyond controversy.

Hockholzer vs. *Eager*, 2 Sawy., 263.
McLaughlin vs. *People's R. R. Co.*, 21 Fed. R., 574.
Magic Ruffle Co. vs. *Elm City Co.*, 14 Blatch., 109.
Sperry vs. *Logan*, 3 Ban. & Ard., 260.
Spring vs. *Machine Co.*, 4 Ban & Ard., 428.
United Nickel Co. vs. *Machine Co.*, 17 Fed. R., 528.
Ladd vs. *Cameron*, 25 *Id.*, 37.
Munday vs. *Kendall*, 23 *Id.*, 591.
Pope vs. *Johnson*, 40 *Id.*, 584.
Spear vs. *Robbins*, 3 Ban & Ard., 261.
Bovill vs. *Crate*, L. R. 1 Eq., 388.

In the above cited case of *McLaughlin* vs. *People's R. R. Co.* (21 Fed. Rep., 574), where the defendant had been infringing the patent for 13 years, it was said by Judge Brewer:

"Now, generally speaking, the laches of complainant is sufficient ground for non-interference on the part of a court of equity. Nearly all the life-time of this patent the complainant has remained silent, by his silence consenting to, or at least acquiescing in, the acts of the defendant. To interfere now by injunction would seem manifestly inequitable."

The learned Judge then quotes with approval section 440 of Curtis on patents, which says that

laches is a good defense in equity, and accordingly dismissed the bill.

A case singularly in point is *American Cable Railway Co.* vs. *Chicago City Railway Co.* (41 Fed. Rep., 522), decided by the learned Judge Blodgett of the Illinois Circuit.

At the time the bill was filed the patent had only fourteen days to run, the day of its expiration being October 1, 1889. The subpœna required the defendant to appear and answer on October 7, 1889. The defendant appeared and demurred to the bill for want of jurisdiction. The demurrer was sustained and the bill dismissed on the ground that "equity will not entertain a bill for infringement of letters patent which expired between the date of service and the return day, there being no special facts alleged entitling complainant to an injunction."

Let us apply these views to the case at bar. The patent sued on was granted *November* 28, 1871. Hence, it expired by operation of law on *November* 28, 1888. The bill was filed on *October* 29, 1888—twenty-nine days before the expiration of the patent.

The subpœna was issued on the 29th day of October, 1888, *and the return day therein specified was the first Monday in December, that is, the 3d day of December*, 1888. This subpœna was served

on respondent on the 29th day of October, 1888, and the defendant filed its answer on the first Monday in January, 1889. It will thus be seen that the patent expired *between the date of service of the subpœna and the return day* and before the defendant was required to or did file its answer.

In the words of Judge Blodgett: "The patent had expired when the defendants were required to appear, and when, if they had been duly served, and had not appeared, they could have been defaulted."

Suppose the appellee had failed to appear on the return day specified in the suhpœna, to wit: on December 3, 1888, what kind of decree would the appellants have been entitled to? Certainly not to a decree for an injunction, because the patent had then expired; and, as the right to an injunction is the only ground of jurisdiction in equity in patent cases, it follows that the appellants would have been entitled to no relief whatever in the case supposed.

It is no answer to say that the appellants *could have* applied for a preliminary injunction before the return day on giving a five-day notice under the rules; because, as matter of fact, no such injunction was applied for, nor does the bill attempt to make out a sufficient case therefor. Such position is completely answered by the following

language of Judge Blodgett in the case cited *supra:*

"In the case now in hand the patent had 14 days of life when the bill was filed, and no application for an injunction *pendente lite* was made; and the patent had expired before the return-day of the process, and before the complainant would have been entitled to a default, even if the defendants had not appeared and defended. As there is no special case made by the bill showing that an injunction was part of the remedy to which the complainant would be entitled by reason of special facts alleged, it follows that no injunction would have been awarded by the Court if the complainant had obtained a decree *pro confesso*. The case therefore comes clearly within the rule of *Root* vs. *Railway Co.*, and the bill must be dismissed for want of jurisdiction."

There can be no doubt that these two cases are identical as to the facts, and if Judge Blodgett's decision is good law, then the present bill was properly dismissed.

The same views were expressed and the same ruling was made in *American Cable Railway Co.* vs. *Citizens Railway Co.* (44 Fed. Rep., 484), and *Bragg Manufacturing Co.* vs. *City of Hartford* (56 Fed., Rep., 292).

But to settle this matter beyond controversy, we submit that it has been directly adjudicated in reference to this identical patent. In 1887 these same appellants brought suit on this patent against the Pueblo Smelting and Refining Co. in Colorado and applied for a preliminary injunction. Mr. Justice Brewer, then Circuit Judge, denied the motion on the ground of laches. Said he, in deciding the case:

"The ordinary rules of equity jurisprudence apply in patent cases as in others, and a temporary injunction will not be granted unless it seems probable that the protection which the complainants' bill shows he is entitled to compels it. If he can receive full protection without such temporary injunction, it will be refused. It will often be refused, also, where there has been great delay on a complainants' part, in consequence of which the defendant has proceeded to build up an industry based upon that patent.

"Now it appears from the answer and affidavits that this defendant is abundantly responsible for any damages which the complainant may sustain—worth a million of dollars and more; so that, for whatever injury the complainants have sustained or may suffer from the use of these smelters by the defendant, it is amply able to compensate them. Further, the defendant and its predecessors in interest have used this kind of a smelter for nine years before this suit. While, of course, this would not justify their piracy, if they are pirating, yet it is certainly reason for not interfering by preliminary injunction."

This, we claim, is a direct adjudication that no preliminary injunction could be granted *on this patent*, as early even as the year 1887, and that is probably one of the reasons why appellants did not apply for such injunction. Indeed, our case is much stronger, because we have been using the invention for nearly *eighteen years*, under a claim of right, with the knowledge and consent of appellants and without any objection from them to its use. The only complaint they have ever made is that we have not paid the royalties. They never objected to our using the invention provided we paid the royalties. Their objection has been solely to non-payment of royalties, not to the use of the invention. Under such state of facts no court of equity would have granted an injunction.

The Judge of the lower court followed these views and dismissed the bill. In doing so, he said:

"The only ground for equitable jurisdiction is an injunction. As the patent expired before the respondent was required or could have been required to appear to the suit, no injunction could have been granted in the final decree. No injunction *pendente lite* was obtained or asked for. No preliminary restraining order was asked of the court, and no notice given to respondent that an injunction *pendente lite* would be asked. Had an application been made upon notice and the facts now shown been made to appear in response to the motion, as they undoubtedly would have been, no court of equity, I apprehend, would have granted a temporary injunction if the application could have been brought to a hearing before its termination. The respondent had been using this improvement introduced into its works by the complainants themselves before the patent was applied for and long before it was issued, with the knowledge and manifestly the tacit approval of the complainants, with the understanding that it could use it for the usual royalty charged others, down to within a few days of the expiration of the patent. Under such circumstances it would have been grossly inequitable to suddenly enjoin it from further use for the remaining days the patent had to run had such an injunction been seasonably asked. The laches and tacit, not to say express, acquiescence of the complainants in the use of the improvements, as shown by the record, estopped them from equitably demanding an injunction. Under the special circumstances of the case complainants were not equitably entitled to an injunction *pendente lite* had one been demanded; and this is no impeachment of the general doctrine announced in many cases, including those cited by complainants' counsel, that a patentee is ordinarily entitled to an injunction when his patent is willfully infringed without any fault of his own or other circumstances affecting the equities of the case in favor of respondent for even a few remaining days of the life of his patent. Undoubtedly an injunction *pendente lite* during the life of the patent should not be refused while the patent is in force, merely because before a final decree can be had in the ordinary course of proceeding the term of the patent would expire; but other important circumstances affect the equities of this case that take it out of the ordinary course."

The learned counsel for appellants seek to avoid the effect of the decisions, 1st by offering an ex-

cuse for their laches, and 2d by citing three cases from the decisions of this court as authorities in support of the jurisdiction.

Considering the second point first, we submit that those cases are not in conflict with the decision rendered in this case, but are confirmatory thereof. The cases cited are *Clark* vs. *Wooster*, 119 U. S., 322; *Beedle* vs. *Bennett*, 122 U. S., 71, and *Lane & Boaley Co.* vs. *Locke*, 150 U. S., 194.

In *Clark* vs. *Wooster* it was said that the complainant was entitled to the preliminary injunction even for the fifteen days which the patent had to run, "unless the Court had deemed it improper to grant it." And again (page 325):

"It (the lower Court) might have dismissed the bill, if it had deemed it inexpedient to grant an injunction; but that was a matter in its own sound discretion, and with that discretion it is not our province to interfere, unless it was exercised in a manner clearly illegal."

And again (page 326).

"As the Court had jurisdiction at the inception of the suit, even though upon a narrow ground, yet, as the defendants did not ask the dismissal of the bill on the ground of want of jurisdiction, we should be very reluctant, if we had the power, now, on an appeal, after the case has been tried and determined, to reverse the decree."

Clearly this case does not touch the point which we make, for in the lower court we did what this Court said *was not done* in *Clark* vs. *Wooster*. We asked a dismissal in the discretion of the Court, and it is assumed in *Clark* vs. *Wooster* that the lower court could have dismissed the bill, if in its dis-

cretion it had seen fit to do so. It was merely that discretion with which the appellate tribunal refused to interfere. The lower Court in the exercise of such discretion retained the bill; if, in the exercise of such discretion, it had dismissed the bill, the decision on appeal would have been the same. In our case the lower court exercised its discretion and dismissed the bill. With that discretion this court says it will not interfere.

The second case cited by counsel is *Beedle* vs. *Bennett* (122 U. S., 75). There is nothing in that case in conflict with our views. At page 75 it is said:

> "As the patent was in force at the time the bill was filed, and *the complainants were entitled to a preliminary injunction at that time,* the jurisdiction of the Court is not defeated by the expiration of the patent by lapse of time before final decree."

Observe the italics (which are ours); *the complainants were entitled to a preliminary injunction at that time.* That is to say, they made out a case for a preliminary injunction. They were not guilty of laches and they made a showing of irreparable injury. Under such circumstances the court had jurisdiction to grant the injunction. It could, however, have denied the injunction and dismissed the bill, if in its discretion a proper case therefor had not been made out. We repeat: we are not questioning the broad principle as to the *power* of a court to grant a preliminary injunction,

where a case therefor is made out, even if it had only one day to run; but we insist that in such case the injunction is not a matter of right; that it rests solely in the court's discretion, and if in the exercise of that discretion the court is of opinion that the writ ought not to be granted, the bill will forthwith be dismissed, and this court will not interfere with the exercise of that discretion. That is the case here.

The remaining case, *Lane & Bodley Co.* vs. *Locke*, (150 U. S., 194), does not change the rule contended for. There the patentee made his invention while in the employ of defendants, using their tools and patterns. The defendant used the invention with the patentee's knowledge for twelve years, during which time no claim for remuneration was made. On such facts it was held: 1st. That an implied contract existed. 2d. That plaintiff was guilty of such laches as disentitled him to an injunction. We fail to see anything in this case which can aid the appellants here. On the contrary it would appear to be against them.

One word further as to the laches of appellants. They offer as an [excuse the assertion that they were engaged in litigation with other parties, who were contesting the validity of the patent, from 1873 to July, 1888.

They further assert that during the interim de-

mands were made by appellants upon appellee to settle and warning was given to cease infringement. Their argument is embraced in the following sentence taken from page 23 of their brief:

"Acquiesence is not imputed to a patentee when *the infringer was warned to infringe no more* and where the patentee was engaged in other suits *to determine his rights under the patent. After notice of a superior right a party proceeds at his peril*, and, in patent cases, after notice use is an act of piracy."

Conceding for argument's sake that this is a correct exposition of the law without stopping to critically examine it, it is sufficient for our purpose to observe that the facts disclosed by the record do not bring the case within the rule.

The appellee was not warned to infringe no more. On the contrary, appellee was allowed to use the invention without protest. The only demand ever made, if any, was a demand for *payment of royalties*, and such demand *ex vi termini* implies the existence of a license and an authorized use of the invention.

Nor is the asserted existence of litigation with other parties concerning the validity of the patent of any force. When critically examined such excuse will be found to be purely imaginary. The facts are these:

That the patent was granted in November, 1871; that an interference in the Patent Office was had with one Bassett, which was terminated in

favor of the appellants in 1873; that from 1873 to 1879 (a period of six years) appellants were collecting royalties from various infringers, but were advised by their counsel that the validity of the patent could not be sustained in court, for which reason they refrained from bringing suits. (It appears, however, that the complainants did not believe or rely on this advice, but always believed the patent to be valid. See testimony of Arents, p. 48). That in 1879 they brought suit on the patent against Zeile and others in the California circuit, and after a trial, procured a judgment in 1880 sustaining the validity of the patent; that in 1880 they commenced suit against one Grant in Colorado, which was decided against them (on a mere point of practice, viz.: the court took the case away from the jury, and decided that no invention was required in producing the invention). This case was appealed, and in 1886 this Court reversed the judgment, holding it error not to have submitted the question of invention to the jury.

Keyes et al. vs. *Grant*, 118 U. S., 25.

Thereafter, in 1888, the patent was sustained in a suit against the Pueblo Smelting and Refining Co., by Mr. Justice Miller (Record, 2).

These facts do not excuse the complainants'

laches. It will be observed that from the termination of the interference suit with Bassett in the Patent Office in 1873 until 1879, *a period of six years*, complainants did nothing towards bringing suit against any one (Test. of Arents, p. 47, ques. 18 and 19). During that time they were actually collecting royalties from all users who would pay, and did collect from quite a number of infringers.

During those six years appellee was using the invention *with the knowledge and consent of the patentees, and was not notified to cease such use.* This delay is unexplained and without excuse.

The pretended excuse of advice of counsel as to the invalidity of the patent is frivolous, because Arents testifies that he did not believe such advice to be sound, but, on the contrary, he always believed that the patent was valid. He says, in referring to the advice of his counsel, "I never did believe in his theory and we took other counsel (Test., p. 48).

Besides, a successful interference suit in the Patent Office is sometimes as good as a decision of a court, and has always been considered at least *prima facie* evidence of validity.

Here then we have a patentee who secures a most valuable patent in 1871, goes through a successful interference in the Patent Office in 1873, and then calmly sits down and allows the appellee

to use the invention for *six years* without objection, without threats of suit, and without any *actual* suit. We submit that such conduct amounts to laches, and would have been a complete answer to a motion for a preliminary injunction, even if this suit had been brought in 1879. It is much more a defense to suit brought in 1888, *eleven years afterwards*.

But further, the same Circuit Court, where the present suit was brought, sustained the validity of the patent in 1880. The complainants brought suit against Zeile and others in 1879, and after a trial before Judge Sawyer, the patent was sustained and a judgment rendered to that effect. Yet with this adjudication in their favor, the patentees took no steps against appellee until 1888. They waited for *eight years more*, thus making *fourteen in all*, during which they allowed appellee to use the invention without molestation. Having the patent itself, which was *prima facie* evidence of its validity, a decision of the Patent Office in the interference suit, an actual *bona fide* judgment of validity rendered by Judge Sawyer, and also the firm belief that the patent was good, which belief has been subsequently confirmed by Mr. Justice Miller, these appellants for nearly *seventeen years*, in fact until a month before the patent expired, allowed the appellee to use the invention without molestation.

We specially remind the court that all the furnaces of appellee to which this invention was applied, were constructed and the invention applied thereto *by the two patentees themselves before they left the employ of appellee.* None were applied after they left, and they *never notified appellee to quit using the invention.* Arents says he demanded his *royalties*, but nowhere does he say, nor is it a fact, that he notified defendant *to quit using the invention.*

We submit, therefore, that the appellants have signally failed to explain their gross and inexcusable laches.

B.

In the next place neither the pleadings nor proofs make any showing of irreparable injury.

It is well settled that irreparable injury is an indispensable element on applications for injunctions. Said Judge Bond in *Pullman* vs. *Baltimore and Ohio R. R. Co.* (5 Fed. Rep., 72):

"It is not a matter of course, upon the presentation of a patent which *prima facie* establishes the right of the patentee to the thing patented, accompanied by an allegation that the defendant is violating it, that a preliminary injunction will issue; but it must appear likewise that if the writ of injunction does not issue, the complainants will be irreparably injured, and that no subsequent decree of the court can sufficiently ascertain and make good their damage."

Many other cases might be cited to the same effect, and among them we select the following:

Howe vs. *Morton*, 1 Fish., 586.
Sanders vs. *Logan*, 2 Fish., 167.
Morris vs. *Lowell*, 3 *Id.*, 67.
Wells vs. *Gills* 6 Fish., 89.
American Co. vs. *Christian*, 3 B. & A., 42.
Colgate vs. *Gold and Stock Co.*, 4 B. & A., 415.
N. Y. *Grape Sugar Co.* vs. *American Co.* 10 Fed., 385.
Hoe vs. *Boston Daily Advertiser*, 14 Fed., 915.

And some of the cases go so far as to apply the doctrine to final injunctions, even where the patent is valid and has not expired.

Lowell Mfg. Co. vs. *Hartford Carpet Co.*, 2 Fish., 475.
Bliss vs. *Brooklyn*, 4 Fish., 596.
McCrary vs. *Penn. R. R. Co.*, 5 Fed. R., 367.
Ballard vs. *Pittsburgh*, 12 Fed. R., 783.

The proposition involved here was learnedly discussed by Judge Grier in *Sands* vs. *Logan* (2 Fish., 167), where it was said:

"The remedy by injunction is neither necessary or proper to enforce the payment of money. It is true that injunctions are now more liberally granted than in former times, yet the granting or refusal of them rests in the sound discretion of the court. A rash or indiscreet exercise of this power may be very oppressive—of no use to the complainant, and ruinous to the defendant. As a remedy it should be administered only for prevention or protection. Where

it is not necessary for these purposes it is merely vindictive, injuring one party without benefit to the other. There are many cases of patents where it is the only efficient remedy to protect the patentee, and prevent continuing trespases on his rights. But there are others in which it answers neither purposes, and is only used for extortion or vengeance. A chancellor who would issue an injunction to stop a mill or manufactory, locomotive or steam engine, because in their construction some patented device or machine has been used, would act with more than doubtful discretion. Stopping the mill or engine might inflict irreparable injury, but could not benefit the inventor. The compensation to him for this trespass on his rights is the price of a license. The wrong done him is not the use of his invention, but the non-payment of a given sum of money. To issue an injunction in such a case, where neither prevention or protection is sought or required, but only compensation, would be an abuse of power. An injunction is not to be used as an execution or for extortion."

The same rule was also announced by the same Judge in *Livingtone* vs. *Jones* (3 Wall. Jr., 343), and by Judge Sawyer in *Vaughn* vs. *Central Pacific R. R.* (4 Sawy., 280). This last decision was rendered in 1877. Subsequently thereto, in 1881, Mr. Justice Mathews of this court announced the decision of that tribunal in *Root* vs. *The Railway Co.* (105 U. S. 189), which reviewed the question of equitable jurisdiction and fully sustained the views announced in the *Vaughn case supra.*

After this case, in 1885, Judge Withey, of the Michigan District, decided the case of *Smith* vs. *Sands* (24 Fed. R., 470), where the invention was a device used in saw-mills for burning saw-dust and other refuse. Said the Court in deciding the case:

" It is used only in saw-mills for disposing of the saw-dust and

refuse of the mill. It is not employed in the manufacture of any article or thing for market or for sale, and it is for the interest of the complainants that all saw-mills use their patented machines, provided they are paid the price of a license. The extent of their injury for using a single machine infringing their patents is the royalty or a suitable license fee. When once they have been paid the price or value of a license, they have received the full measure of the 'actual damage' they suffer for any particular infringing machine used by another, and it is the full remedy they are entitled to, except a court may treble the actual damages if the circumstances justify it. * * * The infringement is not one where there is a damaging and constantly increasing competition and loss of profits, and hence there is no irreparable injury to the complainants, and no occasion to exercise the power of an injunction to restrain or prevent a multiplicity of suits. As has been said, complainants by an action at law against the respective defendants can recover full compensation for the infringements. The only wrong done is the nonpayment of suitable license money, and the indefinite use by Sands of this same infringing machine will give no right to demand more.

"It is conceded that courts of equity have assumed jurisdiction in similar cases presented by this bill of complaint. *Howe* vs. *Newton*, 2 Fish., 534, *Morris* vs. *Lowell Manufacturing Co.*, 3 Fish., 68, and *Blake* vs. *Greenwood Cemetery*, 3 Ban. & Ard., 112, are among them. But Justice Grier, at the Circuit, refused an injunction and intimated very clearly that a court of equity does not have jurisdiction in cases like this one; that the remedy is at law. *Sanders* vs. *Logan*, 2 Fish., 167. The bill in that case was dismissed on another ground. Since *Root* vs. *Railway Co.*, 105 U. S., 189, was decided, in which Mr. Justice Mathews reviewed the patent laws and the decisions under them, showing when the remedy is in equity, and when the sole remedy is in a court of law for the infringement of letters patent, no court of equity, it is believed, would assume jurisdiction in a case like this, or in either of the cases cited above.

"The demurrer is sustained for the reason stated, that there is no case for equitable jurisdiction under the statements of the bill of complaint."

It seems to us that the cases cited conclusively dispose of the case at bar, because the appellants made no showing of irreparable injury and have a plain, adequate and complete remedy at law. By the testimony of appellants themselves the ap-

pellee has used the invention patented on a specific number of machines, to wit: on seven, for a specific number of years, to wit: seventeen, and the royalty charged to other users is a definite, fixed and established amount, to wit: $250 per furnace per annum up to the year 1882, and $500 per furnace per annum thereafter. It further appears that the patent expired 29 days after the bill was filed; that the invention is one from which the patentees derived profit by granting licenses to others rather than by keeping it a close monopoly to themselves; that it was to their interest for others to use it, provided they were paid royalties therefor; that the only damage they could possibly sustain was loss of royalties; that they could not be irreparably or otherwise injured by a continued use of the invention for 29 days after the bill was filed; that an injunction for that period of time would have been of no earthly benefit to them, but rather a detriment, inasmuch as they would thereby have lost the royalties for that period of time; that this case involves simply and solely a question of royalties, the amount of which is fixed and determinate, and that the case is a perfect one under section 723 of revised statutes, to the effect that "suits in equity shall not be sustained in either of the courts of the United States in any case where a plain, adequate and complete remedy may be had at law."

Further, should the Court hold that it had jurisdiction to grant an injunction for the 29 days immediately following the filing of the bill, we might well invoke the doctrine of *de minimis*, etc, for while the complainants might technically have a right to such injunction, it would be a matter of such small moment that equity would not consider it. Complainants would have derived no substantial benefit from such an injunction. They would have sustained absolutely no injury whatever, much less an *irreparable injury*, from a failure to get it. The matter was too trivial to be considered seriously, for it seems ridiculous to assert that the patentees would be irreparably injured by twenty-nine days of infringement after having allowed and permitted an infringement of seventeen years. The matter was too trifling to call into exercise the strong arm of an injunction. It was a case for application of the maxim, *de minimis lex non curat*.

In any view that may be taken of the case we submit that the decree should be affirmed.

Respectfully submitted,

J. H. MILLLER,
For Appellee.

M. M. ESTEE,
D. FRIEDENRICH,
Of Counsel.

Appendix.

JUDGE SAWYER'S DECISION, 45 FED. REP., 195.

Keyes et al. vs. *Eureka Con. Manuf'g Co.*

(Circuit Court, N. D. California, January 26, 1871.)

1. PATENT—INFRINGEMENT—PRELIMINARY INJUNCTION. In an action for infringement, brought only a few days before the expiration of the patent, it appeared that the invention was made and patented while the patentees were in the employment of defendant, though they soon afterwards left it; that defendant had, with plaintiffs' knowledge and approval, used the invention prior to the issue of the patent, and such use had continued to the commencement of the suit, without any contract for compensation, though one of the patentees had notified defendants' president that, after he left its employment, defendant must pay for the use of the invention at the same rate that others paid. Held, that there was no ground for equitable interference to restrain such use for the few remaining days of the life of the patent by preliminary injunction.
2. SAME—SUIT FOR ROYALTIES—NATIONAL JURISDICTION. The only ground of equitable jurisdiction being relief by injunction and patent having expired before defendant was required to answer, so that no injunction could have been granted on final decree, the only remaining cause of action, being for royalties under an implied license for the use of the invention after the notice, is purely legal, and in the absence of a proper showing as to citizenship, there is no element of national jurisdiction, and the suit must be dismissed.

IN EQUITY.

JOHN FLOURNOY, for complainants.

NAPHTALY, FREDERICK & ACKERMAN and JOHN H. MILLER, for respondent.

Before SAWYER, Circuit Judge.

SAWYER, J.—This is a suit for damages for infringement, and to enjoin further infringement of letters patent No. 121,385, granted to complainants, Winfield Scott Keyes, and Albert Arents, dated November 28, 1871. The bill was filed Oc-

tober 29, 1888, 29 days before the expiration of the patent. The respondent was required by the subpœna to appear on the 3d day of December, 1888, after the patent had expired.

The answer would not have been regularly due under the rules of the Court, till the first Monday of January, 1889. No notice was given of an application for an injunction, *pendente lite*, and no such application was made. Consequently, before any action of the Court could be had, and before respondent was required to appear in Court, the term of the patent had expired, and the only possible remedy upon the bill filed was damages for an infringement; and, under the circumstances of the case, a recovery of the royalties established for the use of the patent. When the patent was applied for and issued, the complainants were both in the employment of the respondent, the complainant (Keyes) as superintendent of respondent's mine, and the complainant (Arents) as assayer and smelter at respondent's mine and smelting works, each receiving a regular salary. While thus engaged in the respondent's employment, and managing its works, they made the invention covered by the patent. On April 19, 1871, the complainants put their improvement, afterwards patented, on the first furnace of respondent, before the application for a patent, and on April 24th, the

date of the application for a patent, they put it on the second furnace. Those improvements were continuously used in respondent's works from that time on, while complainants remained in its employment, and afterwards till the commencement of this suit, and such use of these improvements constitute in part, at least, if not in whole, the infringement complained of in this suit. The complainant (Keyes) left respondent's employment as superintendent, on September 1, 1872, and complainant (Arents) as assayer and smelter, on November 10, 1872. The respondent continued to use these improvements after complainants left its employment, down to the time of the commencement of this suit. Complainants knew of this use. It does not appear that complainant (Keyes) ever had any communication with respondent upon the subject of the use of this improvement. But complainant (Arents) notified the president of the respondent in June, 1872, that the company could use the improvement while he remained in its employ, but that after he left such employment he would require the company to pay what others had to pay for the use of the improvement. Mr. Arents, after he left, at various times, but when, not shown, made demands upon the secretary of the company, respondent, for payment for the use of the improvement, and

in the summer of 1888 made a similar demand upon the president of the company, respondent. From July to October, 1888, complainants endeavored to reach an amicable settlement with respondent for its said use of their improvement, and on failure to make a fatisfactory settlement, this suit was instituted.

The respondent does not contest the validity of the patent, or deny the use of the improvement as stated, or set up any of the defenses specially authorixed by the statute. The defense is: 1. That upon the facts as they appear no case for equitable jurisdiction is presented, and, therefore, the bill must be dismissed under section 721, Rev. St. 2. That under the facts as they appear, the defendant had an implied license to use the invention without compensation, while Arents continued in its employ, and after he left, for the same royalties charged other parties, and, consequently, there being a license, there is no legal infringement, and the remedy of plaintiffs is an ordinary action at law to recover the amount of the royalties accrued for use under the implied license; and over such an action, no diversity of citizenship appearing, the national courts have no jurisdiction.

On both grounds, I think the bill must be dismissed. The only ground for equitable jurisdic-

tion is an injunction. As the patent expired before the respondent was required or could have been required to appear to the suit, no injunction could have been granted in the final decree. No injunction *pendente lite* was obtained or asked for. No preliminary restraining order was asked of the Court, and no notice given to respondent that an injunction *pendente lite* would be asked. Had an application been made upon notice, and the facts now shown been made to appear in response to the motion, as they, undoubtedly, would have been, no court of equity, I apprehend, would have granted a temporary injunction for the few remaining days of the life of the patent, even if the application could have been brought to a hearing before its termination. The respondent had been using this improvement, introduced into its works by the complainants themselves, in part, at least, before the patent was applied for, and long before it was issued, with the knowledge and manifestly the tacit approval of the complainants, with the understanding that it could use it for the usual royalty charged others, down to within a few days of the expiration of the patent. Under such circumstances it would have been grossly inequitable to suddenly enjoin it from further use for the remaining few days the patent had to run, had such an injunction been, seasonably, asked. The laches

and tacit, not to say express acquiescence of the complainants in the use of the improvements as shown by the record, estopped them from equitably demanding an injunction. Under the special circumstances of the case, complainants were not equitably entitled to an injunction *pendente lite*, had one been demanded. And this is no impeachment of the general doctrine announced in many cases, including those cases cited by complainants' counsel, that a patentee is ordinarily entitled to an injunction when his patent is willfully infringed, without any fault of his own, or other circumstances affecting the equities of the case in favor of respondent for even a few remaining days of the life of his patent. Undoubtedly an injunction *pendente lite* during the life of the patent should not be refused while the patent is in force, merely because before a final decree can be had in the ordinary course of proceeding the term of the patent would expire. But other important circumstances affect the equities of this case that take it out of the ordinary course.

I am also of opinion upon the undisputed facts disclosed, that there was an implied license, at least, to use this patent by the respondent, upon the same terms or royalties fixed for other parties, from the time complainants left the employment of respondent, and that the use of it in the man-

ner shown, and so long acquiesced in, is not an infringement in the proper sense of that term. The remedy of complainants, therefor, is an action at law to recover the royalties accrued for the use in pursuance of such implied license. This being so, and no diversity of citizenship of the parties appearing, no element of jurisdiction in the national courts is shown, and on that ground, also, the bill must be dismissed.

Let the bill be dismissed upon the ground stated, with costs.

158-150

Office Supreme Court, U. S.
FILED.
JAN 25 1895
JAMES H. McKENNEY,
CLERK

158-150

No. 228.

Supreme Court of the United States.

WINFIELD SCOTT KEYES, AND ALBERT ARENTS
Apellants,

VS.

THE EUREKA CONSOLIDATED MINING COMPANY.

REPLY TO BRIEF FOR APPELLEE.

ROBT. E. FOOT,
JOHN FLOURNOY,
Of Counsel for Appellants.

Supreme Court of the United States.

Winfield Scott Keyes and Albert Arents.
Appellants.
vs.
Eureka Consolidated Mining Company.
Appellee.

Review of and Reply to the Brief for Appellee.

The Issue.

The wide scope covered by appellees in their brief makes it necessary for us, in reply, to again call the Court's attention to the issue made by the answer of respondent, to-wit: the use by respondent of the thing patented is justified by an alleged state of facts, constituting an *implied license.* The evidence does not sustain the defense in any material point. (Appellant's brief, pp. 4–17.) We admit, if the facts justly sustain this defense, the dismissal of the bill was proper; but we do not concede that, after the submission of such a defense, a question of jurisdiction is

properly raised. The defense of an *implied license* is given by statute, and, if sustained, is complete, whether to an action in equity or at law.

Jurisdiction.

The subject-matter of the bill belongs to that class of cases over which a court of equity has jurisdiction, and that jurisdiction having been submitted to and recognized by the respondent up to the final hearing, we insist that the respondent is subject to the doctrine so clearly laid down by this Court in Reynes vs. Dumont (opinion by Mr. Chief Justice Fuller), 130 U. S., at page 395, to-wit:

"The doctrine of these and similar cases is that "the Court, for its own protection, may prevent "matters purely cognizable at law from being drawn "into chancery, at the pleasure of the parties inter- "ested; but it by no means follows, when the *subject-* "*matter* belongs to the class over which a court of "equity has jurisdiction, and the objection that the "complainant has an adequate remedy at law is not "made until the hearing in the appellate tribunal, "that the latter can exercise no discretion in the dis- "position of such objection."

The principle is also applicable to any attack upon the jurisdiction on the ground of the expiration of the

patent, the action *having been brought before the patent expired.*

We also cite under this head—

Tyler vs. Savage, 143 U. S., p. 79.

Dederich vs. Fox, 56 Fed., 717.

In the following cases, referred to by counsel for appellee, to-wit, American Cable Railway Co. vs. Chicago City Railway Co., 41 Fed., 522; American Cable Railway Co. vs. Citizens Railway Co., 44 Fed., 484, and Bragg Manufacturing Co. vs. City of Hartford, 56 Fed., 292, we find the question of jurisdiction was raised by demurrer.

Express License.

The respondent does not set up, by way of defense, *an express license*, and none is shown by the evidence; the license fee charged for the use is, therefore, only material, as a matter of proof, before the master, to enable him in his report to fix and state to the Court the amount of damages.

Injunction.

On the question of the complainant's right to an injunction at the time the bill was filed, we see no reason to change the position taken by us in Point 1 of our argument, to-wit: "The case was one for equitable

"relief when the suit was instituted. The bare fact "that the ground for such relief expired by the ex- "piration of the patent would *not take away the juris-* "*diction* and preclude the Court from proceeding to "grant the incidental relief which belongs to cases of "that sort," etc.

Preliminary Injunction.

The right to a preliminary injunction usually rests upon a showing that the patentee will suffer irreparable injury unless it be granted. For example, if the patentee reserves the right, under his patent, to the manufacture and sale of the patented thing, and the act of piracy consists in the manufacture and sale, the Courts will usually grant a preliminary injunction; but if the facts are such that the Court is of the opinion the preliminary injunction should not go, we fail to see on what line of reasoning the jurisdiction of the Court is ousted, or why the Court could not proceed and determine the patentee's right to an injunction at the time the bill was filed, although a state of facts might thereafter arise which would prevent the entry of such an order.

It is not an unusual thing for the Court to suspend the granting of an order for an injunction where the granting thereof would do great financial injury to the business of the infringor, until the final hearing, upon

the giving of a bond to render an account of the profits made by the use of the invention, etc. This was done by Mr. Justice Miller, and provided for in the decree entered in July, 1888, in the suit referred to in the bill.

Can it be possible that, if the patent had expired pending the taking of evidence before the master, on compensation, and the final hearing, and the final injunction could not issue, that the jurisdiction of the Court would be ousted and the patentee be required to go into a court of law? We think not. And yet this is the logical result of the reasoning of counsel for appellee.

Laches.

Counsel seek to maintain their position in regard to laches principally on the ground that no demand was made by the patentees on respondents after the employment ceased, for payment for the use of the improvement, and that the patentees also offered no objection to its use after that employment ceased.

Mr. Arents testifies he objected to its use on several occasions, and as early as June, 1872, and demanded payment several times of the respondent. (Brief for appellants, pp. 7 and 8.)

The evidence pertaining to the litigation in which the patentees were engaged is as follows: A decision in an interference suit was rendered in March, 1873.

The suit against Ziele *et al.* was brought in the summer of 1879; decision rendered in April, 1880. In 1880, Mr. Arents went to Colorado to enforce his rights there. The first suit was brought against Grant & Grant, November 3, 1880, in which there was a jury trial on the 31st of May, 1882. The jury disagreeing, a second trial was had on the 16th of November, 1882. The trial judge took the case from the jury. Writ of error issued from this Court in 1883. In 1886, this Court reversed the Circuit Court, on the ground that the case should have been submitted to the jury. On the strength of this decision, the patentees were enabled to make many settlements and collections in Colorado, Utah, Montana and Idaho. In 1887, suit was brought against The Pueblo Smelting and Refining Company, that company refusing to settle, and final decision sustaining the patent was rendered by Mr. Justice Miller, in July, 1888. The next suit is the one before this Court. (Record, pp. 45 and 46, fols. 87 and 88.)

The able and exhaustive decision of Mr. Justice Miller was regarded as finally settling the validity of the patent. Counsel for appellee claim the appellants "slept upon their rights" during these years. On the contrary, we say they were not only "wide awake" during this period, but that they did everything required by law to protect and maintain their rights.

Conclusion.

We maintain that the correct law of the case is: the respondent having admitted the validity of the patent and the use of the improvement, and set up as a defense an implied license, and having submitted that issue to the jurisdiction of the Court, and the facts being insufficient to sustain that defense, the respondent must account to the complainants for the use of their improvement, and the cause should go to the master to report the profits and damages. The question of how many furnaces the respondent should be responsible for is one for future consideration at the final hearing upon the coming in of that report.

ROBT. E. FOOT,
JOHN FLOURNOY,
Of Counsel for Appellants.